



## TRAVEL, TOURISM AND TRANSPORTATION

Travel, tourism, and transportation have created millions of jobs in the United States and Japan in recent years. The COVID-19 pandemic, however, has significantly impacted our societies and economies, and consumer demand in these sectors has declined significantly. According to the United Nations World Tourism Organization, international tourist arrivals were 85% below 2019 levels between January and May in 2021, and the emergence of COVID-19 variants and continued movement restrictions continue to hinder travel and mobility.

The U.S.-Japan Business Council and the Japan-U.S. Business Council (“the Councils”) recognize the importance of public-private cooperation and offer the following recommendations—not only to ensure the sustainability of these industries during and post-pandemic recovery—but also because well-functioning cross-border traffic is crucial to economic and social recovery more broadly. We believe these actions will support tourism’s rebound and help address the long-term changes that may emerge in travel behavior due to the pandemic.

### **1. Restarting the Free Movement of People for the Recovery and Revitalization of the Travel, Tourism and Transportation Industries:**

Although our response to COVID-19 has entered a new phase with increased vaccinations, the Councils believe that resuming travel and tourism is essential for global economic recovery and the revitalization of these sectors. The Councils encourage both governments to promote cooperation with the private sector to safely restart the free movement of people while rapidly distributing vaccines, particularly in Japan, to a wider age group and ensure the safety and security of both tourists and those in the hospitality industry by employing a data-driven approach to testing and screening protocols. The Councils also recognize the importance of establishing digital infrastructure and developing common criteria for reopening international borders, and make the following recommendations to both governments as follows:

#### Continued government support for business continuity:

The travel, tourism, and transportation sectors are highly diverse and include a significant number of small and micro-businesses. Given the prolonged impact of COVID-19, continued government policy and financial support should be provided to minimize job losses and protect viable companies. It is also important to promote policies and investment that improve the

attractiveness and resiliency of local tourist resorts as well as to stimulate travel demand when the pandemic subsides.

#### Gradual lifting of the border enforcement measures:

As mentioned in the overarching Joint Statement, the Councils believe that vaccine certificate verification is key to an early resumption of cross-border movement of people while preventing the spread of COVID. We encourage governments to remove obstacles to private sector collaboration by facilitating a globally consistent regulatory framework for international travel that establishes common standards and science-based reciprocal easing of entry restrictions, such as recognizing accepted vaccination documentation issued in the other country. To realize a gradual resumption of cross-border travel between our two countries, we urge the U.S. and Japan to create a roadmap for a step-by-step lifting of entry restrictions, such as eliminating the Japanese government's limit on passenger numbers entering via international airlines, and for a gradual removal of the quarantine period based on the local number of cases and vaccination rates. These roadmaps should be developed in frequent communication with the private sector to improve business predictability, while also communicating effectively with the public.

#### International standardization of health credentials:

The Councils recognize the importance of shortening the time required for entry and simplifying procedures to reduce the stress of cross-border movement. We urge both governments to accelerate digital transformation while increasing the capacity for required health inspections, and to provide vaccination certificates in multiple languages to be instantly recognized globally. It is also important to streamline entry procedures internationally in a way that does not require travellers to use multiple forms of vaccination certification. Additionally, the Councils encourage the governments to play an active role in developing global standards for health credentials on a non-discriminatory basis, and accelerate discussion at the expert groups formed by the U.S. and others including the European Union.

## **2. Promote Future-oriented Initiatives Beyond COVID-19: New Trends**

The COVID-19 pandemic is expected to have a permanent impact on consumer behavior, accelerating digital transformation across numerous industries. The Councils believe that new tourism and life-style trends, such as telework, workcation and online tours, will lead to new opportunities for establishing more resilient and attractive travel, tourism, and transportation services. The Councils encourage governments to support industries' initiatives to develop innovative services. Although the Tokyo Olympics was held without spectators, we hope the 2025 Osaka Expo and the 2028 Los Angeles Olympics will showcase these innovations.

#### Promoting cashless payments:

With respect to Japan's stated goal of increasing cashless payments to 40% of all consumer transactions by 2025, the Councils also recommend that Japan implement Near Field Communication (NFC) Type A/B standards. These standards are already well-established in metropolitan areas like New York, London, and Sydney and are becoming a preferred payment

mode due to its low infection risk. The Councils urge the Japanese government to develop practical solutions through continued dialogue with all relevant private sector stakeholders.

#### Promoting Mobility as a Service (MaaS):

In the mobility sector, innovative technologies, such as automated driving, delivery systems that utilize drones and robots, and efficient transportation systems that use big data, will contribute to developing smart cities and to solving common social problems in both countries, including traffic congestion, manpower shortages, and environmental problems. For example, in both the U.S. and Japan, new taxi rates, such as pre-defined fees and variable pick-up fees, are tested by using big data. The Councils endorse these practices and request that both governments promote digital transformation across numerous industries.

#### Facilitating e-commerce:

The pandemic has revealed that e-commerce is a lifeline, particularly for millions of people and small businesses hard hit by the pandemic. The governments should ensure equal treatment between public and private delivery services to facilitate e-commerce. The Councils encourage both governments to recommit to the World Trade Organization's Trade Facilitation Agreement articles on express delivery shipments, which often include critical medical supplies and other time-sensitive shipments, to expedite the simplification of customs clearance processes especially for low value goods and to avoid the imposition of new trade barriers.

### **3. Sustainable & Inclusive Development in Travel, Tourism, and Transportation**

The Councils recognize that the pandemic should be viewed as an opportunity to initiate a better future for the travel, tourism and transportation industries, where digitalization and low carbon initiatives enable sustainable growth.

#### Ensuring inclusive development

The Councils encourage both governments to support inclusive development in the travel, tourism and transportation sectors, such as developing attractive tourism resources and new ventures that provide business opportunities for small and medium enterprises in rural areas while ensuring equal access to technologies, services, and opportunities for work to all people regardless of race, ethnicity, gender, age or any other status.

#### Encouraging government support for low carbon initiatives

The Councils are collectively committed to achieving ambitious carbon neutral emissions goals and encourage both governments to support collaborative initiatives between the U.S. and Japanese industries, including the development of next generation aircraft utilizing advanced technologies and other energy saving technologies in the mobility sector. In the airline industry, Sustainable Aviation Fuels (SAF) have been identified as one of the key elements to help achieve these goals, and the Councils encourage both governments to remove barriers to the realization of a cost-competitive SAF market, while providing incentives to foster investment and supporting the establishment of a resilient supply chain and deployment of SAF.