



U.S. Chamber of Commerce  
International Affairs

U.S.-Japan  
Business Council



# Travel, Tourism and Transportation



Amid the tension in the international community caused by Russia's aggression against of Ukraine, it is essential for Japan and the United States to strengthen their collaborative efforts while looking outward towards their friends in the Indo-Pacific region and beyond. The travel, tourism, and transportation (“TTT”) industries are key platforms to promote dialogue, peace, tolerance, and sustainable development. The COVID-19 pandemic has taken its toll on the TTT industries over the last two and a half years. Although its long-term impact on the industries remains to be seen, increasing vaccination rates and changes in the composition of the virus suggest that the sectors may be turning a corner.

According to the United Nations World Tourism Organization, global destinations welcomed almost three times as many international arrivals in the first quarter of 2022 as in the same period of 2021. Asia and the Pacific recorded a 64% increase over 2021, however levels were 93% below 2019 numbers as several destinations including Japan remained closed to non-essential travel. While the number of inbound travelers to the United States and United Kingdom has recovered to about 70% of 2019 levels, Japan’s inbound tourism numbers remain below 10% of the industry’s peak in 2019.

The U.S.-Japan Business Council and the Japan-U.S. Business Council (“the Councils”) look to continue to partner with the public sector and offer the following recommendations, recognizing the pandemic’s continuing effects on the TTT industries while keeping an eye towards the future recovery of the industries. We believe our collective efforts will contribute not only to the recovery of the industry, but also to growth in demand spurred by the creation of new business models, innovation, the Osaka-Kansai EXPO in 2025 and a broad recovery in the two countries.

## **1. Revitalization of the economy through implementation of lessons learned from the pandemic**

The Councils commend the Kishida administration’s efforts to introduce measures to promote the return of business travel to Japan, including the resumption of visa-free independent travel to Japan and the elimination of post-arrival PCR testing, in line with the G7 members. At the same time, we recommend the government take several additional steps to further ease border control measures to facilitate an environment where people, goods, money and digital technologies can move freely, thus advancing Japan's economic growth.

### *Implementing lessons learned from the pandemic*

The Councils welcome the strengthening partnership between the two countries in the area of public health, such as the Japanese version of the CDC recently announced by the Government of Japan. Additionally, the Councils recommend the consideration of new crisis management systems based on lessons learned from the COVID-19 pandemic. It is essential to see the roadmaps for these systems early in the development process to improve the ability to react to similar crises in the future. Additionally, it is important to take advantage of the current JPY/USD exchange rate, currently at its lowest level in the last 24 years and attract inbound tourists to stimulate the recovery and revitalize the Japanese economy. Restarting active cross-border travel between the U.S. and Japan will not only stimulate business between the two countries, it will also revive tourism, study abroad, cultural exchange, and serve as the cornerstone for medium- to long-term economic growth between the two countries.

Japan has made a strong push to promote the country as a tourism nation since the late Prime Minister Abe returned to power in 2012. This policy led to TTT stakeholders to make significant investments in their respective industries over the years. These stakeholders have since had difficulty planning and strategizing for the return of leisure travel given the unpredictable effects of the pandemic. Going forward, the Councils recommended more transparent, clear, and frequent communication on the government's intentions to TTT stakeholders as the industries recover.

To the best of both countries' abilities during the pandemic, Japan and the United States should continue to hold close dialogue, share best practices to achieve a healthy balance between socioeconomic activities and implementing systems for preventing infectious disease in addition to promoting the provision of healthcare. Effective communication with the private sector and public is key.

## **2. Continue to promote the development and establishment of digital products and services related to TTT**

The COVID-19 pandemic has accelerated Japan's promotion of digital transformation ("DX") which has led to new ways of doing things, making life easier both from a professional and private perspective. For example, working from home and "workcations," where location and time zones are less relevant, have led to new forms of efficiencies in the workplace. The Councils look forward to both governments supporting these types of new digital initiatives going forward. The Councils also look forward to seeing these types of technologies showcased at the 2025 Osaka-Kansai EXPO as well as the 2028 Los Angeles Olympic Games.

### *Promotion of new types of tourism*

As a response to new work and lifestyle changes arising from the effects of the COVID-19 pandemic, the Councils recommend the promotion of less known nature and culture tourism assets, local customs, and extended stays through less-traveled prefectures, in addition to tourism promotion via digital platforms. Recruitment of new talent is also a key issue in the tourism industry warranting the consideration of a hard look at current policies in place and enlisting the support of both governments for the development of tourism human resources going forward.

#### *Promotion of new transportation technologies and MaaS services*

The Councils recommend Japan to continue to promote Mobility-as-a-Service (“MaaS”) initiatives in the TTT sector. Innovative technologies such as driverless automobiles, delivery systems utilizing robot and drone technology, and transportation systems utilizing big data are expected to contribute not only to the development of smart cities, but also to issues facing both Japan and the United States in the areas of traffic congestion, labor shortages and carbon neutrality.

#### *Promotion of usage of mobility and travel apps*

The promotion of the availability and use of mobility and travel apps widely used globally would lead to many benefits including the elimination of language barriers for travelers to Japan, increased usage of local travel providers, promotion of visitation to destinations off the beaten path, increasing worker efficiency and productivity, etc. Current domestically developed apps are difficult to use for international travelers given the lack of user-friendly English interfaces and inability to use international credit cards or payment methods. Increased usage of digital methods will also allow for efficient methods to collect user data allowing TTT stakeholders to better understand trends and plan for future growth.

### **3. Sustainability in Travel, Tourism, and Transportation**

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

#### *Ensuring inclusive development*

The Councils encourage both governments to support inclusive development in the TTT 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 research and development efforts of technology for the mobility sector and next-generation aircraft. For example, in the automotive industry, it is important to pursue diverse technology options according to local needs without limiting existing technology options. It is essential for the Japanese and US governments and private sector to contribute to the realization of these sustainable efforts by sharing technology widely to third countries. The promotion of non-fossil fuels is also crucial for the decarbonization of the entire energy value chain. 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.