

Supplement on Travel, Tourism and Transportation
54th Japan-U.S. Business Conference
The U.S.-Japan Business Council/ Japan-U.S. Business Council
November 3, 2017

The U.S.-Japan Business Council and Japan-U.S. Business Council (hereinafter “the Councils”) have long believed that travel between the United States and Japan facilitates cultural understanding and the exchange of ideas, and thus underpins the strength of the U.S.-Japan relationship. The Councils established a Travel and Tourism Committee (“the Committee”) in 2014 with the twin objectives of expanding and deepening U.S.-Japan exchanges, and supporting measures to enhance the economic benefits from travel and tourism.

Since the Committee’s creation, there has been growing discussion about the importance of transportation infrastructure in increasing travel and tourism, including in providing better access to airports and in enhancing the experience of international travelers. In order to more accurately reflect the Committee’s interest in these areas, and to facilitate discussion on opportunities for growth associated with a robust transportation system, infrastructure, and new technologies, the Councils this year have decided to update the Committee name to “Committee on Travel, Tourism and Transportation.”

Measures to boost growth in the travel, tourism and transportation industries

Travel and tourism have long been key drivers of the U.S. economy, and recognition in Japan of the industry as an important engine of growth is steadily increasing. Prime Minister Shinzo Abe has set a GDP target of 600 trillion yen by 2020, and has identified success in the travel and tourism sector as key to achieving that goal. At the end of 2015, Prime Minister Abe set forth a comprehensive policy intended to increase tourism, and the Committee has received helpful updates from the Government of Japan on implementation of these initiatives.

Japan has seen extraordinary growth in travel and tourism in recent years. In 2011, eight million people visited Japan; by 2016 that figure had grown to 24 million; and 2017 is on track to surpass even that. The Japanese government is aiming for 40 million foreign visitors by 2020—the year of the Tokyo Olympic and Paralympic Games—which it hopes will generate 8 trillion yen. The Abe government has set an even more ambitious target for 2030: 60 million tourists contributing 15 trillion yen to the Japanese economy.

The Committee commends the positive steps taken by the Japanese government that have facilitated this remarkable growth, but notes that additional progress needs to be made. Easing visa regulations and expanding the network of airline routes have made travel easier and more attractive to visitors to Japan. However, issues such as limited landing slots at airports, congestion in immigration processing areas, inconvenient airport

access, limited availability of MICE (Meeting, Incentives, Conference and Exhibition) facilities, and limited multi-language services still need to be addressed. Similarly, a shortage of hotels have encouraged a flood of informal guest houses, which has on occasion resulted in frustrated visitors. The Committee thus welcomes the Government of Japan's continued focus on implementing the "Tourism Strategy to Invigorate the Japanese Economy" which it announced in 2015, and encourages particular attention to these areas where improvements are needed as the Games approach. The Committee recognizes that similar challenges—congestion in immigration processing areas, and road and airport infrastructure in need of repair—exist in the United States and advocates further discussion on those issues, as well. Public-private sector cooperation could provide additional momentum to this effort, and the Committee encourages further discussion on this possibility.

Looking beyond tourism, growth in international cargo transportation provides another opportunity to positively contribute to the U.S. and Japanese economies. A strong system for ensuring the efficient international transportation of goods will be critical to ensure secure and efficient supply chains, and in turn support the manufacturing aspirations of both countries. The Councils encourage both governments to continue to take leading roles in setting international rules and standards that would achieve these security and efficiency goals. Amid an increase in tourism and cargo traffic, the Councils also strongly encourage the Japanese and U.S. governments to support policies designed to jumpstart and sustain technological innovations that would enable growth in these important sectors. Innovative ideas such as connected cars or autonomous vehicles, drone delivery systems, the effective use of big data analytics to increase efficiencies in transportation systems, multi-language translation tools, and face authentication security systems hold promise, and could help mitigate existing impediments to international tourism or cargo transportation.

From the 2020 Tokyo Olympics/Paralympics to the 2028 Olympics/Paralympics in Los Angeles

The Councils believe that the 2020 Tokyo and 2028 Los Angeles Olympic/Paralympic Games can spur further economic growth, and the Committee held good discussions on how to capitalize on the opportunities the Games provide. The Councils see promising ways in which private companies in Japan and the United States can support the Games to make them a success. In light of the overall objective of the Committee to stimulate exchange between our two countries, the Councils seek to promote the values of the Olympics and Paralympics, namely diversity and respect for other peoples. The Games provide an opportunity to make infrastructure improvements that increase accessibility to all people. The Councils believe that a more "barrier-free" environment—that is inclusive of physical disabilities, and diverse languages and cultures—will showcase Tokyo as a true global and metropolitan city and serve to fuel tourism. We are confident that the Games will be a great success for Japan and will serve to demonstrate the warm hospitality that Japan has to offer, and hope that the positive legacy created in Tokyo will be passed on to Paris in 2024 and to Los Angeles in 2028.

The potential of IR for sustainable economic growth

Last year, the Committee asked the British think tank Oxford Economics to assess the economic effects of an expansion of Integrated Resorts (IR) that incorporate MICE facilities. The Oxford Economics report projected that authorizing IR in Japan would increase the number of foreign visitors by 4.9 million per year, and would boost Japan's overall economic growth. Specifically, the report projected that if an IR facility were to be built in both Tokyo and Osaka, it would result in raising Japan's GDP by 0.46 percent, creating 180,000 direct and indirect jobs and generating consumption worth 3.8 trillion yen.

In December 2016, Japan enacted the Act on Promoting Development of Areas for Specified Integrated Resort Facilities. In March 2017, the government set up an implementation team under the supervision of Prime Minister Abe to begin preparation for the creation of IR facilities. Both Councils recognize the importance of addressing public concern about IR resorts, and of continued efforts to enhance public understanding. As Japan considers appropriate regulations, the Councils encourage the Japanese government to address public concerns about gambling addiction and other issues, while maintaining the positive potential IR has for tourism and investment for the Japanese economy. Toward this end, the Councils hosted two very productive workshops this year for Japanese stakeholders. Both Councils will continue to work closely with the Japanese government so as to share global lessons learned from the experiences of integrated resorts in other countries.