

IV.-5 Travel, Tourism and Transportation

Overview

The U.S.-Japan Business Council/Japan-U.S. Business Council launched a travel-tourism subcommittee in 2014, reflecting the increasing importance of inbound international travel to Japan's economy, and with the aim of deepening and expanding the level of U.S.-Japan business and cultural exchanges. Last year, to reflect the growing importance of transportation infrastructure and logistics to economic growth, the Councils updated the Committee name to "Committee on Travel, Tourism, and Transportation." The Councils have discussed ways to maximize the benefits to both economies of the travel, tourism, and transportation industries.

Ways to further develop and expand the travel, tourism, and transportation industries

1. The travel, tourism, and transportation sectors have tremendous economic benefits. Travel and tourism have been key growth drivers for the U.S. and Japanese economies. Prime Minister Shinzo Abe has set ambitious national targets for the travel and tourism sector, as part of Japan's broader goal of growing GDP to 600 trillion yen by 2020. In June 2016, he announced an initiative called "A Tourism Vision to Support Japan's Tomorrow", which aims to attract 40 million foreign tourists (and an associated 8 trillion yen) by 2020. In 2030, Japan hopes to grow that number to 60 million foreign tourists who will contribute 15 trillion yen to the Japanese economy.
2. The Councils have welcomed briefings by Japanese government officials on action plans to meet such goals, and commend Japan on the progress already achieved. Relaxing visa regulations, expanding airlines' networks, and a relatively weaker Japanese yen have made travel to Japan more attractive and convenient. In 2018, the number of Japan-bound foreign tourists is expected to exceed 30 million, and the average duration of those visits has increased, as well.
3. While recognizing that Japan's tourism initiatives that have resulted in rapid growth, the Councils also note a few areas for improvement. The Councils believe that increasing the number of landing slots at airports, faster immigration processes, improving access to airports, increasing the number of MICE (Meeting, Incentives, Conference, Exhibitions) facilities, and increasing the availability of multi-language services would help enable the growth in travel and tourism sought by Japan. The Councils recognize that the United States also has challenges in the areas of immigration processing and aging transportation infrastructure including airports, and recommend further talks to accelerate cooperation between private and public sectors.
4. The increasing number of inbound tourists is also causing concern over a shortage of accommodations in Japan. The Councils hope that the use of private lodgings will complement the growth in hotel accommodations to help ease the shortage. Recognizing that the law enacted by the Japanese government in June will help regulate unregistered private lodgings, the Councils

also note that the process to register a private home for public accommodation is confusing and could limit the number of private lodgings available for public accommodation. In the run-up to the 2020 Tokyo Olympic/Paralympic Games, the Councils urge the Japanese government to address this issue, and to find other ways to increase accommodation capacity and convenience.

5. As for the transportation sector, the Councils recognize the importance of creating transportation options that are convenient and accessible to all, including for those who cannot drive. Some taxi companies in Japan, for example, have introduced new models that offer more comfort and functionality for foreign tourists, and the United States has developed policies for innovative demand-responsive, app-based transportation services which have improved productivity for the transportation industry and convenience for both residents and tourists. Japan and the United States are also researching self-driving cars and both governments are trying to implement appropriate safety regulations. The Councils encourage further discussions to support the freedom of transportation, and encourage the U.S. and Japan to implement measures that will stimulate technological innovation in this important industry. For example, delivery systems via unmanned aerial vehicles, efficient transport systems using big data, multi-language translation tools, and facial recognition security software are promising R&D areas that could facilitate international tourism, logistics, and transportation.

The 2020 Tokyo Olympic/Paralympic Games to the 2028 Los Angeles Olympic/Paralympic Games

6. With the Tokyo Olympic/Paralympic Games less than two years away, the Tokyo Organising Committee of the Olympic and Paralympic Games has briefed the councils on the status of games schedules, facility construction, traffic regulation and volunteer training. The Councils are trying to identify ways to maximize the economic and social opportunities generated by the Games. The Councils believe the 2020 Tokyo Olympic/Paralympic Games as well as the 2028 Los Angeles Olympic/Paralympic Games will drive further economic growth, and will be a great opportunity to emphasize diversity and social harmony. The Councils believe that the Games will showcase Tokyo as a true global city that embraces cultural and linguistic diversity, as well as a barrier-free society that includes persons with disabilities. Such an image of Tokyo will help generate greater tourism demand. The upcoming Games will bring success to Japan, and help Japan show its famed “Omotenashi (hospitality)” to the world. The Councils hope that Tokyo will be able to pass on this positive legacy to the 2028 Games in Los Angeles.

Potential of Integrated Resorts toward sustainable economic growth

7. Both Councils recognize that Integrated Resorts (IR) will help grow Japan’s travel and tourism industries, contribute to regional revitalization, and boost related industries as well as local suppliers and businesses. The Councils applaud the July enactment of a bill authorizing the opening of IR, which followed the IR promotion law of December 2016. Further legal steps are to

be taken, and the selection process of IRs locations will begin. The Councils recognize the need to address public concerns about gambling addiction and money laundering, and recommend strong public-private partnership to ensure that the IR projects positively contribute to the Japanese economy. The requirement to get local authority approval every five years is a cause for concern. It is likely to give investors pause, and is not conducive to long-term, stable business success.