

Supplement on Travel & Tourism
-- Leveraging the Opportunity of the Tokyo Olympics and Paralympics --

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The U.S.-Japan Business Council and Japan-U.S. Business Council (hereinafter, “the Councils”) established a Travel and Tourism Subcommittee (hereinafter “the Subcommittee”) at the Japan-U.S. Business Conference in 2014. Since then, the Councils have been discussing measures to maximize the significant economic ripple effects that travel and tourism can provide, with the central goal of expanding and deepening exchanges between the United States and Japan.

Opportunity of the Tokyo Olympic and Paralympic Games

1. The Tokyo Olympics and Paralympics, which will be held in less than four years’ time, provide a perfect opportunity to promote such measures. As the preeminent festival of sports featuring athletes from all around the world, the Olympics and Paralympics provide a valuable opportunity, not only for participating athletes but also for the general public and for businesses that support the Olympics and Paralympics, to realize the contributions that sports make to the harmonious development of mankind and to overcoming barriers among individuals, whether posed by politics, economy, culture, race, religion, or language. The Councils view the Olympics and Paralympics as one symbol of the “Promise of Globalization.” The business communities in Japan and the United States strongly support the way in which the Olympics and Paralympics open host cities to the world and help to develop new industries. It is also important for host cities to formulate strategies on the kind of business opportunities that could be created to sustain tourism after the Olympic events. In addition, as we face a decrease in the number of young Japanese people travelling overseas, we hope that the Olympics and Paralympics will boost exchanges between Japan and the United States, creating good opportunities for youth to broaden their horizons toward the outside world.

Measures to Sustain Tourism after the Olympics and Paralympics

2. The Japanese government, which witnessed an increase in the number of inbound foreign tourists starting in 2013 when Tokyo won the right to host the Olympics, has also been working to leverage the Olympics to maximize Japan’s growth potential. Prime Minister Shinzo Abe has designated travel and tourism as a key sector in the effort to boost Japan’s GDP to 600 trillion yen. At the end of last year, he established in the Cabinet Office the “Council for the Development of a Tourism Vision to Support the Future of Japan,” which adopted a set of “3 Perspectivesⁱ” and “10 Reformsⁱⁱ” aimed at making Japan a “leading tourism nation,” and set new tourism targetsⁱⁱⁱ to be achieved through close collaboration across ministries and agencies. The Councils praise these initiatives, and also remain focused on the development of measures to reduce the frustration felt by tourists during their stay and to facilitate travel within Japan, even to more remote regions across the country.

These measures include further capacity expansion at the capital region airports and upgrades for regional airports, speeding up entry processing for inbound tourists, eliminating lodging shortages and making accommodations more friendly for foreign visitors, and promoting the installation of ATMs and card payment systems that accept foreign-issued credit and cash cards.

3. At the same time, the Councils are concerned by the rising protectionist sentiment in several countries. We believe, however, that it is precisely at such a time that we should set forth concrete proposals to promote cross-border economic and cultural exchange, in keeping with the philosophy that inspired the establishment of the Subcommittee—that “close ties and shared values between the people of the United States and the people of Japan form the foundation of the global partnership between our nations.” One area for specific focus is on concrete convenience improvements for foreign visitors to the United States and Japan. Thus, the Subcommittee hopes for progress in speeding up departure and arrival processing times at airports; providing better airport access, for example through improvements to rapid railway services; and expanding the availability of reasonably-priced, cozy and clean accommodations modeled on “Business Hotels” in Japan that mainly serve business travelers.
4. We note that the Japanese government announced last year a set of “Five Promises for Attracting Foreign Businesses to Japan,”^{iv} designed to improve the convenience for foreign companies and for foreign residents in Japan, with the aim of making Japan “the easiest country in the world to do business.” While the majority of these initiatives are related to expanding services provided in foreign languages and to generally improving the business environment in Japan, the Councils actively support these as well.

Promoting Business and Conference Travel

5. The Subcommittee wishes to underscore in particular the importance of a strategy to boost business travel. Business travelers are not only frequent return visitors, but the very purpose for their travel is to expand future business opportunity, including through trade, investment, research and development, and collaborations among the public, private and academic sectors. Although one of the key components of this strategy to increase business travel is MICE (Meetings, Incentives, Conferences and Exhibitions) and Integrated Resorts (IRs) development, there are currently almost no MICE facilities in Japan that can host international conferences and exhibitions for groups numbering in the thousands, and thus valuable opportunities are being missed. Furthermore, many of the existing MICE facilities in Japan fall well below international standards, both in terms of their significantly smaller meeting hall capacity compared with facilities in cities such as Singapore and Las Vegas, but also with respect to the quality of their accommodations, attractions, and nearby shopping. There are many Japanese companies and foreign companies with a base in Japan that wish to hold international conferences in Japan, but upon realizing the lack of shopping and attractions that make such facilities desirable destinations, not only for participants but also for their family members who might accompany them, they frequently decline to even suggest Japan as a possible venue.

The Potential of IR for Tourism and Economic Growth

6. The Subcommittee asked the British think tank Oxford Economics to research the economic effects of an expansion of Integrated Resorts that incorporate MICE facilities. The study found that building two such IR facilities, one each in Tokyo and in Osaka, would require a total investment of around 1.85 trillion yen. The study also estimated that establishing two such IRs would increase Japan's GDP by 0.46 percent, generate approximately 180,000 jobs directly and indirectly, and stimulate consumer spending by about 3.8 trillion yen. The number of foreign visitors would increase by an expected 4.9 million visitors annually, and generate new tax revenue of 810 billion yen. The study clearly shows how IR development would promote growth not only in Japan's travel and tourism industry, but also could contribute substantially to the local economy and to related industries.
7. At the same time, the Councils also recognize the need to address concerns in some quarters over the possible negative impacts of Integrated Resorts. To that end, the Councils have deepened their discussions on the topic since last year, focusing on the experiences in developing and operating IR facilities in the United States and Asia, particularly in Singapore and Macau. The Councils acknowledge the need for further efforts to win public trust and are considering future initiatives to share our insights and experiences with Japanese government officials.

Conclusion

8. The Councils recognize that, following a three year boom during which consumer spending by foreign visitors to Japan has more than tripled, reaching approximately 3.5 trillion yen (\$330 billion), such spending seems to have peaked for now, ^[i] in part because of fluctuations in exchange rates. Still, the number of visitors continues to grow, and the Councils believe improvement is possible, and will continue to discuss and propose ways to take advantage of the opportunity presented by the 2020 Tokyo Olympics and Paralympics to further boost travel and tourism, and in particular to attract increased business travel to Japan in light of the especially powerful multiplier effect of such business travel for economic growth.

ⁱ These are: (1) maximize the attractiveness of tourism resources as a basis of regional revitalization; (2) build tourism into Japan's key industries through innovation and enhanced international competitiveness; and (3) create an environment where all tourists can enjoy comfortable, frustration-free travel.

ⁱⁱ These are: (1) make attractive governmental facilities open for public viewing by citizens both in Japan and from the outside world; (2) shift the focus for cultural properties from conservation to the promotion of understanding from the perspective of tourists and utilization as tourist resources; (3) transform Japan's national parks into national parks of a world standard; (4) develop landscape plans in major tourism destinations to ensure beautiful city views; (5) improve productivity of the tourism industry by reviewing outdated regulations; (6) realize longer stays and an increase in the amount of money spent by foreign tourists at the same time by exploiting new markets; (7) revitalize exhausted hot spring towns and regional cities through new management with future-oriented ideas; (8) drastically improve soft infrastructure to ensure the most comfortable stay in the world; (9) realize comfortable travel to any part of Japan by completing the "corridor for vitalizing local regions;" and (10) develop a more vibrant society through "work style reform" and "leave system reform"

ⁱⁱⁱ The targets are as follows: (1) Number of foreign tourists visiting Japan: 40 million by 2020; 60 million by 2030 (Previous targets: 20 million by 2020; 30 million by 2030) (2) Spending by foreign tourists in Japan: 8 trillion yen by 2020; 15 trillion yen by 2030 (Previous targets: 4 trillion yen in the year during which 20 million foreign tourists visit Japan) (3) Number of foreign tourists staying overnight in regional areas (outside the three metropolitan areas): 70 million by 2020; 130 million by 2030 (4) Number of repeat foreign tourists visiting Japan: 24 million by 2020; 36 million by 2030 (5) Spending by Japanese tourists in Japan: 21 trillion yen by 2020; 22 trillion

yen by 2030

- iv (1) “Measures will be taken to enable people from abroad to select and purchase products in foreign languages at department stores, supermarkets, and convenience stores, etc.; to be treated without anxiety over language at a hospital when they become ill, and to have signs in foreign languages available when they travel by car, train, or bus.” (2) “Foreign visitors to Japan will be able to use free public wireless LAN simply and easily at various locations around cities without a contract with a Japanese telecommunications carrier.” (3) “To make locating to Japan as a business base or R&D base easier for overseas companies, the government will create an environment in which all regional airports receive business jets with a short advance notice.” (4) “The government will enrich educational environment for children from overseas, and ensures that people receiving an education in Japan are able to communicate smoothly in English.” (5) “The government will set up a system to make it easy for the foreign businesses which have invested much amount in Japan to consult the government. The Japanese Government and all local governments will work together as one to create a network for attracting investment to Japan.”
- li The spending amount per person visiting to Japan, JPY159,930, April-June 2016, (▲9.9% year-to-year comparison), Japan Tourism Agency,