



U.S. Chamber of Commerce
International Affairs

U.S.-Japan
Business Council



Travel, Tourism and Transportation



This year, Japan and the United States launched the "U.S. - Japan Tourism Year" for the first time, aiming to restore and develop mutual travel between the two countries. Through a combination of economic forces and enhancement of mutual understanding by both governments, tourism between the U.S. and Japan is steadily recovering to pre-pandemic levels. The travel, tourism, and transportation industries ("TTT industries") have worked tirelessly to grow their workforce and capital investments to meet this ballooning demand, but they face major policy challenges. These include a persistent shortage of human resources and challenges in activating mutual exchanges between the U.S. and Japan.

The Japan-U.S. Business Council and the U.S.-Japan Business Council (referred as "the Councils" below) recognize the need for public-private partnership to ensure that the future growth of the TTT industries achieves a balance between economic and environmental goals, ultimately leading to sustainable growth. The Councils encourage both governments to take the following steps to ensure the tourism and transportation sectors reach their full potential to connect communities and promote social development and growth through the creation of industries and jobs:

- 1. Addressing Quality Tourism and Human Resource Challenges: Embrace a wide range of solutions to address human resource shortages.** Whether through increased digitalization, or reassessing the qualifications required for drivers and other tourism professionals, both governments should use every tool available to ensure the tourism sector has the labor and capital it needs to serve growing demand.
- 2. Efforts to promote mutual exchange: Reduce travel barriers through cooperative agreements on security and immigration practices, such as pre-clearance for Japanese travelers to the United States or offering incentives for citizens to get or renew their passports. Additionally, efforts to foster the development of next-generation leaders responsible for exchanges between the two countries should be promoted.** The Councils applaud the upcoming finalization of Japan's admittance to the Global Entry program and urge both governments to keep this momentum up through additional efforts to foster mutual travel, such as pre-clearance facilities at Japanese airports.
- 3. Pursuit of Sustainability in the TTT industries: Provide long-term, predictable policies to support sustainable aviation fuel (SAF), drones, air taxis, and driverless automobiles.** Support from governments is welcome for the development and research of advanced technologies in digitalization and decarbonization to promote the achievement of carbon neutrality goals. Additionally, assistance in pursuing diverse technologies suited to regional needs is anticipated. Governments must provide predictable, long-term policy support, such as the SAF Blender Credit and initiatives like the Minnesota SAF Hub, to ensure the sector can meet the ambitious decarbonization goals needed to safeguard the industry's future.
- 4. Efforts in the TTT industries to address crises such as infectious diseases and natural disasters: Measures should be taken to promote disaster preparedness, climate resiliency, and pre-disaster mitigation strategies to reduce the impact of future disasters.** Given the TTT industries' high vulnerability to disasters, as seen following the global IT outage of July 2024, the New Year's Day earthquake in Ishikawa, and the 2023 wildfires in Maui, both governments, in collaboration with industries, should take steps to centralize information on how businesses can prepare for disasters and promote awareness of the benefits of disaster preparation and investing ahead of the next crisis.

1. Addressing Quality Tourism and Human Resource Challenges

To further expand the travel, tourism, and transportation industries, it is essential that we focus on improving the quality of tourism, including the promotion of meaningful cultural exchanges, and attracting visitors to new destinations across both countries. This requires leveraging and expanding resources of tourism content such as history, culture, nature, and food, as well as offering new customer experiences. The Councils support local government marketing campaigns, digital promotion efforts, and industry exhibitions to raise awareness of less recognized destinations and activities. We also recommend both governments work to implement the following recommendations:

1.1 Creation of New Demand and Promotion of Off-Peak Tourism

The concentration of demand in specific regions and seasons affects not only the quality of service and traveler satisfaction, but also productivity and the working environment for the industry. To equalize travel demand throughout the year, it is necessary to provide subsidies to stimulate tourism demand during off-peak seasons and support the decentralization of tourism. Consumer preferences are shifting, with an increased desire to visit new and emerging destinations, and the TTT industries can help drive greater dispersal of tourism throughout Japan and the United States in partnership with local governments. Redeveloping existing buildings and historical tourism assets into hotels and vacation rentals is a way to revitalize towns while preserving culture and appearance.

In addition to addressing overtourism, it is crucial to deepen local residents' understanding of the significance, importance, and economic impact of tourism and to foster cooperation. Japan has the potential to become a world-class MICE destination given its experience hosting the 2020 Tokyo Olympics and its work towards hosting the 2025 World Expo in Osaka. The Councils recommend that Japan expand incentives for MICE facilities seeking to attract international visitors and support the integration of these facilities with other local facilities. Additionally, revenue sources such as the international tourist tax and accommodation taxes, which contribute to regional environmental improvements, should be used to effectively promote such awareness.

1.2 Strengthen Support for Human Resource Acquisition and Development

While tourism demand has grown at a rapid pace, the industry continues to face a lack of human resources following the pandemic-era employee exodus from travel-related industries, including surrounding fields such as transportation. This situation is preventing the sector from reaching its full potential to drive economic growth.

Key drivers to secure and maintain a stable workforce include flexibility in work hours and location, the ability to respond in real time to fluctuations in labor demand, diversified sources of talent which include foreign national workers in both nations, and innovation through digital transformation and other means. There is an urgent need to analyze how national and local governments can provide support and regulatory reform to improve productivity, working conditions, and access to workers. Strategic policies, including those aimed at modernizing working visa requirements and attracting foreign talent, can help new innovations, strengthen industrial competitiveness, and promote sustainable growth.

Urgent action is required for hotels, including ryokans and private lodgings, airports, and logistics sites, where personnel shortages are limiting operations of facilities. Furthermore, a shortage of drivers in public transportation, with taxis being the primary example, is causing concerns about mobility solutions, and it is presumed that this is resulting in significant economic losses. We welcome the recent initiation of government discussions to solve the issues of truck and taxi driver shortages, and we urge both governments to pursue expanded legal pathways to help alleviate chronic workforce challenges in these industries, particularly for ridesharing services. To address these complex challenges, it is essential not only to respond quickly across ministries but also to further utilize government-led consortia and public-private discussions to promote collaboration among various industries.

1.3 Promote the Use of Digital Tools

Apps and other digital tools related to transportation and tourism have great potential for eliminating language barriers for travelers, attracting visitors to new destinations, and improving worker productivity. The Councils

encourage the adoption and utilization of digital solutions such as robotics, automation, and AI to improve the accessibility of tourist information and reservation sites for hotels and restaurants.

The expansion of cashless payment at tourist attractions and transportation systems has and will continue to boost convenience for overseas travelers and reduce the burden on human resources. It will also promote tourism to less-traveled domestic destinations and help revitalize local economies. Applications currently used in Japan are not user-friendly for foreign travelers because they do not support English, or do not accept international credit cards or electronic payment methods of any kind. The Government of Japan can help by promoting the importance of considering an international audience in modern technology deployment.

By advancing the use of digital technologies, it is also possible to efficiently collect user data and understand consumption trends, thereby linking these efforts to future increases in demand. In recent years, initiatives have been expanding in areas such as the proliferation of next-generation transportation utilizing autonomous driving and MaaS, as well as the practical implementation of drones and flying cars, emphasizing the importance of data utilization and collaboration.

It is important to promote collaboration between different transportation systems and other industries to expand the scope of where mobility can contribute to economic security, and to create new value beyond the boundaries of mobility, including sustainability. Utilizing data not only enhances customer experiences but also holds promise for optimizing workforce allocation, improving productivity, and advancing automation and resource-saving measures through the analysis of business process data using AI. Together, the U.S. and Japan can create pioneering solutions and lead the international community in tackling complex societal issues.

2. Efforts to Promote Mutual Exchange

2.1 Provide Initiatives to Revitalize Mutual Interaction

Active air travel between Japan and the U.S. will invigorate business in both countries and support medium to long-term economic growth in Japan and the U.S. by promoting leisure tourism, study abroad programs, and cultural exchange. In both countries, it is essential to stimulate both inbound and outbound exchanges. Strategic initiatives by both governments are essential for growth, such as the easing of visa requirements for visitors to Japan, and efforts to increase the percentage of Japanese citizens holding passports.

The Councils applaud the two governments' agreement on and efforts toward the full-scale implementation of Global Entry, the U.S. pre-entry screening system, for Japanese passengers. We expect that Global Entry will become even more effective in the future by expanding the scope of the program and facilitating pre-screening for Japanese passengers travelling to the U.S.

2.2 Initiatives for Developing Next-Generation Leaders

Both Councils support the agreement between the governments of the U.S. and Japan to foster close ties between the two countries and promote strong connections with the next generation of leaders. The Councils share a strong expectation for the enhancement of various exchanges, including engagement with youth, experts, opinion leaders, cultural exchanges through sports and the arts, and sister city partnerships. As competition for international talent intensifies, collaboration between Japan and the United States in talent development is essential.

In particular, there is a strong expectation for the enhancement of educational exchanges involving students who will be the future leaders of both nations. To facilitate this, both national governments and local authorities should implement incentives such as scholarships or low-interest student loans to reduce barriers for participants of diverse backgrounds to join such exchanges.

The number of Japanese students studying in the U.S. has been declining since its peak in the early 2000s. The

rising cost of tuition and the economic burden from exchange rate fluctuations have led to more cases of students abandoning their study abroad plans. It is crucial to develop countermeasures to revive the accessibility of U.S. study programs through coordinated efforts between the public and private sectors.

Additionally, there is concern that many Japanese experts who were active in the field of Japanese studies in the U.S. from the 1970s to the early 2000s are now becoming senior leaders, while positions and courses specializing in U.S.-Japan relations at major universities nationwide are rapidly declining. To secure opportunities for the next generation of leaders, it is necessary for the government and private sector to collaborate urgently and explore support measures.

Mutual internship programs between industries and companies in the U.S. and Japan can also serve as a means to promote exchanges. The industrial sector should provide diverse and fair opportunities for overseas students and foreign exchange students and strive to promote flexible working styles.

2.3 Promote Inclusive Tourism Development in New & Existing Destinations

We encourage the U.S. and Japanese governments to continue to redesign systems to take advantage of developing technologies and build the most sustainable forms of so that all stakeholders involved in the travel, tourism, and transportation sectors can enjoy the benefits of the technologies and services described in this proposal. We believe it is increasingly critical to build inclusive policies that support employment opportunities regardless of nationality, race, religion, gender, age, disability, or any other status. Many of the Councils' members are actively engaged in hiring international workers and training them in the required language and cultural skills, but more support from governments is necessary to ensure these workers are welcomed in society at large. In addition, both governments should support the development of tourism resources that will provide business opportunities for micro-entrepreneurs as well as local, small- and medium-sized enterprises.

3. Pursuing Sustainability in Travel, Tourism, and Transportation

The Councils look forward to continued support from the governments of the U.S. and Japan for the business community's efforts to achieve carbon neutrality, including the development of energy-saving technologies and processes in the mobility sector, the commercialization of sustainable fuels and associated technologies for 2030 and beyond, and the development and introduction of next-generation aircraft using advanced technologies.

3.1 Advance Bilateral Supply Chain Resiliency for Critical Minerals through Reconstruction

In the automotive industry, it is important to pursue a variety of technology options that meet the conditions of each region to achieve global carbon neutrality. Additionally, by exporting U.S.- and Japan-developed technologies to third countries, the U.S. and Japanese governments, along with the private sector, will contribute to sustainability initiatives around the world. Rebuilding and creating resilient supply chains, including securing critical minerals, is also important for sustainable efforts. Through multilateral channels such as the Indo-Pacific Economic Framework for Prosperity ("IPEF") and bilateral agreements between the U.S. and Japan, concerted efforts are being made to strengthen supply chains. We look forward to continued leadership and effective support from the U.S. and Japanese governments to ensure the expansion of the utilization of diverse low-carbon technologies.

3.2 Ensuring a Stable Supply of SAF and Maintaining International Competitiveness

In the aviation industry, Sustainable Aviation Fuels (SAF) are the key lever available for airlines to reduce carbon emissions. In the U.S., states like California and Minnesota are accelerating efforts to encourage investment in SAF development by providing state-specific incentives in addition to federal incentives. The Councils encourage the U.S. to extend the SAF blenders tax credit beyond two years, promote research and development, allowing state efforts to expand to more regions. The Minnesota SAF Hub highlights what is possible when a national government uses its convening power to bring private sector and state actors together to collaborate on efficient SAF

production and uptake. The Councils urgently encourage the government of Japan to make similar efforts to maximize the development and uptake of SAF in country.

In Japan, the newly established Strategic Domestic Production Promotion Tax System supports efforts toward the development and utilization of SAF. To build a competitive SAF supply system and create an environment where airlines can procure SAF reliably, it is essential not only to invest in manufacturing and supply infrastructure but also to establish mechanisms that lower business operation costs and provide incentives. Such support is crucial for achieving long-term cost reductions to scale production, maintaining competitiveness in the SAF market, and remaining a leader in sustainable aviation.

3.3 Embrace Air Taxis and Next Generation Air Mobility as a New Mode of Urban Transit

Air taxis and next generation air mobility is still in the early days of testing and development, but their potential to revolutionize urban and inter-city transit grows clearer by the day. Through providing a fast, clean, and exciting way to travel from one end of a city to the other, air taxis and next generation air mobility have the potential to reduce road congestion, alleviate short-haul flight loads at major airports, and stimulate economic growth through the creation of new business models. Both governments should support this new technology through R&D subsidies, clear permitting processes for taxi port construction, and “rules of the road” to ensure air taxis operate safely and smoothly.

4. Promoting Infectious Diseases and Disaster Preparedness for the TTT Industries

4.1 Lessons Learned from the Pandemic and Preparing for the Next Crisis

As we look past the effects of the COVID-19 pandemic and the natural disasters impacting Ishikawa and Maui, it is crucial that we make use of the lessons and experience gained to strengthen management systems prior to future crises and build a more resilient society.

It is undeniable that the decision-making process of easing border restrictions in Japan lagged far behind its G7 counterparts during the pandemic. Based on the new action plan formulated by the Japanese government in July of this year, we strongly anticipate that preparations for future infectious diseases will be made and that the predictability of business in times of crisis will be improved. It is critical to seek out and encourage valuable public-private partnerships to identify critical infrastructure needs and risks before a crisis.

Additionally, according to the U.S. Chamber’s [2024 Climate Resiliency Report](#), every \$1 spent on disaster preparedness yields a \$13 return on investment in cleanup and recovery savings. Given the TTT industries’ unique vulnerabilities, both governments should work together with the industry to implement disaster-resilient urban planning and strengthen social functions to minimize damage during disasters and maintain socioeconomic activities in preparation for future disasters.