

# Japanese Economy After the Olympic & Paralympic Games Tokyo 2020

By Naoyuki Haraoka



What will happen to the Japanese economy in 2020 in the year of the Tokyo Olympics and Paralympics? What will happen to the Japanese economy afterwards? Investors around the world are curious about the answers to these two questions. The principal concern could be that after the largest sports event in the world the Japanese economy will go into recession in a reactionary decline in total demand. However, the positive impact of the Games upon economic growth through the possible increase in public and private investment will not be the sole factor affecting the economy. There would be a significant impact from the main developments in the global economy, including the US-China tech cold war. The consumption tax hike in 2019 may also affect the Japanese economy. This issue highlights the short-term perspective for the Japanese economy in 2020, which differs from our standard emphasis on mid- and long-term issues. This is aimed at the interests of stock market and currency investors who are usually keener on short-term perspectives for the economy.

We begin with articles on the prospects for the global economy and major economies by three economists – Ryan Sweet, a Moody's analyst, and Will Denyer, an analyst at Gavekal Research Hong Kong's office, focus on the US economy, and *Japan SPOTLIGHT* editorial committee member Long Ke discusses the Chinese economy. We then have a roundtable discussion by three Japanese economists on the short-term prospects for the Japanese economy. Their economic forecasts in recent years on the Japanese economy were found to be close to reality. Precise economic forecasts might be valuable but it is true that today policy uncertainty seems to hamper them. Four distinguished academics on economics kindly contributed the outcome of their latest research on policy uncertainty's effects upon the Japanese economy. Elif Arbatli Saxegaard, Steven J. Davis, Arata Ito and Naoko Miake are pioneers in this area.

After these articles, we return to our usual long-term

perspective. We highlight the possible legacy of the Olympics and Paralympics Tokyo 2020. The Rugby World Cup 2019 in Japan has provided an excellent model for the Games to follow. David Bickle, president of the British Chamber of Commerce in Japan and a former lock of the Japanese national rugby team, talks about these possible legacies, and we then have another interview with Hiroki Nakamura, JOC Career Academy program manager, who is in charge of supporting athletes for the Olympics and Paralympics in finding job opportunities so that they can concentrate on training and performing without financial worries. The solid relations between these athletes and their work companies is already a kind of legacy.

Tourism could be another important legacy. China saw an increase in inbound tourism after the Beijing Olympics in 2008, and we have three further articles about the future of tourism in Japan. Terrie John Lloyd, owner and creator of a digital travel site, talks about digital tourism in Japan's inbound travel sector; Adam Fulford, a producer of a number of English TV programs in Japan, talks about the enormous potential of the Japanese countryside as a tourist destination with the expanded use of English by local people; and Barry Natusch, a movie expert, talks about the pleasure of "film tourism" in Japan.

The last article in our cover story is not directly related to the Tokyo Olympics and Paralympics but envisions a new landscape in a core part of Tokyo, Nihonbashi, to be completed beyond 2020 following the redevelopment achieved during the last decade. The interview with Kousuke Kinoshita and Aya Sakamoto from Mitsui Fudosan Co., Ltd. reveals that Nihonbashi will become an entrepreneurial and globalized district after 2020.

## (Brief Introductions)

### COVER STORY 1

Interview with Ryan Sweet, Economist at Moody's Analytics

**US Economy Slowing Down in 2020, But Recession Is Unlikely**

By *Japan SPOTLIGHT*

The US economy and global economy will slow down but not fall into recession in 2020, though the US-China tech cold war will have a negative impact upon the global economy after 2021.

#### COVER STORY 2

Interview with Will Denyer, US Economist at Gavekal Research Hong Kong Office  
**World Economic Outlook for 2020 – Optimism with Prudence About Policy Uncertainties**

By Japan SPOTLIGHT

There will still be some fiscal space to stimulate US total demand and that would save the US economy from falling into recession, no matter how much consumption or the other GDP items may suffer from a decline.

#### COVER STORY 3

**A Perspective on the Chinese Economy in 2020**

By Long Ke

Without further liberalization of the economy including reform of state enterprises, namely more utilization of the market economy, China will not be able to maintain robust growth and keep unemployment relatively low.

#### COVER STORY 4

Roundtable with Nobuyasu Atago, Kyohei Morita & Naoki Murakami

**Japanese Economic Outlook for the Year of the Olympic & Paralympic Games Tokyo 2020 – Searching for Stable Growth Beyond**

By Japan SPOTLIGHT

The Japanese economy in 2020 will not fall into recession, though its growth rate will be largely consistent with its growth potential, around 0.5%. Even after the Tokyo Olympics and Paralympics, economic growth will not significantly decline, as a reactionary decrease in total demand will not be so large.

#### COVER STORY 5

**Policy Uncertainty in Japan & Its Effects**

By Elif Arbatli Saxegaard, Steven J. Davis, Arata Ito & Naoko Miake

There is a negative correlation between policy uncertainty and the economic performance observed in Japan, according to an econometric analysis.

#### COVER STORY 6

Interview with David Bickle, President, the British Chamber of Commerce in Japan

**The Legacy of the Rugby World Cup 2019 in Japan Will Be Good for the Olympic and Paralympic Games Tokyo 2020**

By Japan SPOTLIGHT

The Rugby World Cup in Japan in 2019 left a tremendous legacy, a significant increase in tourists visiting Japan from abroad and sports hospitality services, a new service industry. This legacy could be a model for the Olympics and Paralympics Tokyo 2020.

#### COVER STORY 7

Interview with Hiroki Nakamura, JOC Career Academy Program Manager, National Training Center, Japanese Olympic Committee

**Legacy of the Olympic and Paralympic Games Tokyo 2020 – the Prominence of Sport in the Nation's Life**

By Japan SPOTLIGHT

The JOC's matching efforts between business and athletes will create a win-win relationship, and sports will become well integrated into people's lives. That will be instrumental in prolonging lifespans and good health.

#### COVER STORY 8

**Digital Tourism in Japan's Inbound Travel Sector**

By Terrie John Lloyd

Digital technology is an important tool to encourage inbound tourism in Japan.

#### COVER STORY 9

**Walk This Way: Universal Value in the Japanese Countryside**

By Adam Fulford

The Japanese countryside will be reborn with more English-speaking local people at tourist spots.

#### COVER STORY 10

**Film Tourism: Something for Everyone**

By Barry Natusch

Film tourism could enhance the pleasure of travel and Japan could be one of the best countries to attract inbound tourists.

#### COVER STORY 11

Interview with Kousuke Kinoshita & Aya Sakamoto, Nihonbashi Urban Planning and Development Department, Mitsui Fudosan Co., Ltd.

**Nihonbashi, the Oldest District in Tokyo, Reborn as "Entrepreneurial Town"**

By Japan SPOTLIGHT

The rebirth of an old and traditional district in Tokyo as an innovative and globalized venue is a touching story told by a giant real estate company's project leaders.

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