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**Barriers to International Air Transportation Services in Japan:**  
**Border Effect in Tokyo Metropolitan Area**

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**Abstract:**

Although recent globalization allows us traveling abroad easier ever, the number of foreign passengers is still scarce. Government of Japan worries about this problem and makes some policy to attract foreign travelers. In this paper, we investigate the barrier against international air passenger transportation services in Japan by quantifying the “border effect.” In order to measure this effect, we estimate the gravity equation with “border” dummy variable for explaining intra- and international passenger flow in Japan. “Border” dummy is introduced to quantify the impeding effect for crossing national border. If the dummy variable has negative coefficient, international passenger flow in Japan is smaller than intranational passenger flow. The result demonstrates that a certain “border effect” exists in international air travel. This result implies that international air passenger flow is diminished seriously by some impediments such as political regulation, institutional inefficiency, and so on. For increasing foreign visitors in Japan, Japanese policymakers and related enterprises should take more essential measures than “Visit Japan Campaign”, which is the advertising campaign promoted by GOJ.

**Keywords:** International Air Transportation, Border Effect, Airport Services, Passenger Air Services, Effectiveness of Transportation System

**JEL Classification:** F13, F22, L93, R40