

**NAGASAKI
BASIC IR CONCEPT PLAN
Advisory Council
Summary**

April 26, 2018

**Advisory Council
for the Nagasaki Prefecture and Sasebo
City Joint Council for the Promotion of IR**

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1. Introduction

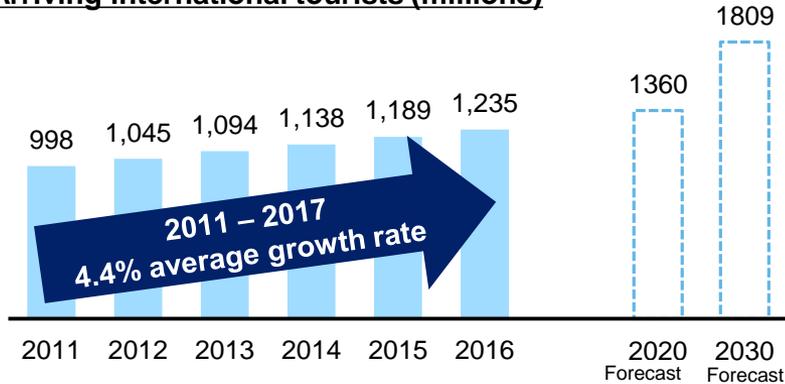
- This summary is the Nagasaki Prefecture and Sasebo City Joint Council for the Promotion of IR's vision for Nagasaki IR (concept, how facilities should be installed, and the expected results of its implementation) based on the Nagasaki IR Scheme produced in 2015 and the discussions that took place over four meetings of the Advisory Council. We have also taken into account the opinions of related business operators received through RFIs (Requests for Information) in 2017.
- Furthermore, it was made with the intent to be used as a reference for the promotion of understanding of local residents, for discussions with business operators at the prefectural and city level, and development planning among related groups including local government bodies.
- We would be especially pleased if this outline would be used as a master plan by the chosen prefecture, while taking into account the opinions of the Nagasaki Assembly and local residents, and once the Act on Promotion of Development of Specified Complex Tourist Facilities Areas (IR Promotion Act) is established, that it will connect to the forthcoming plan of implementation.

1. Introduction

(1) Global Tourism Industry

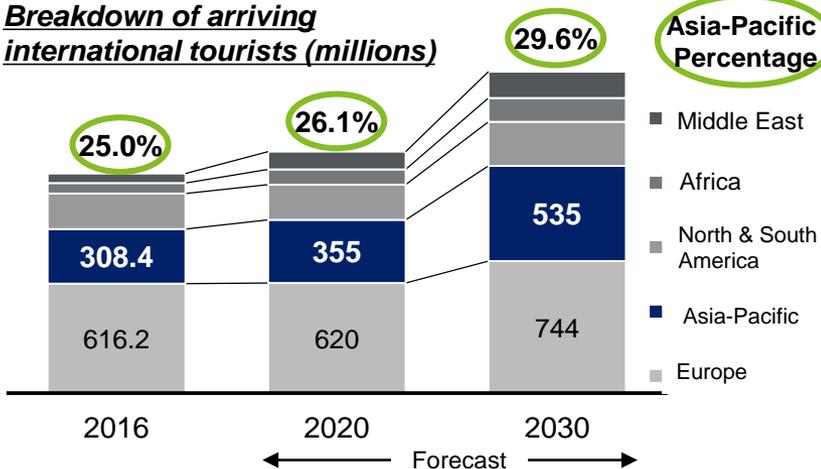
- Expanding Tourism is a global trend
- Increasing visitors to Asia in particular

Arriving international tourists (millions)



Source: United Nations World Tourism Organization

Breakdown of arriving international tourists (millions)

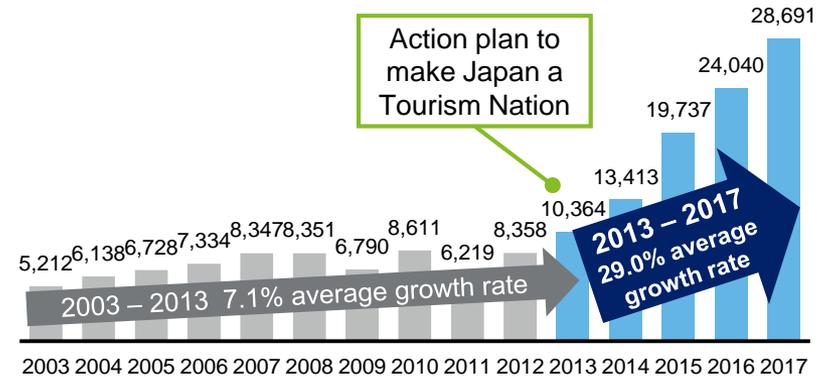


Source: United Nations World Tourism Organization

(2) Japanese Tourism Industry

- Tourism is positioned as a pillar for strategic growth
- Strengthening efforts toward new goals

Overseas visitors to Japan (thousands)



Source: Japan National Tourism Organization Statistical Data

Government Tourism Targets

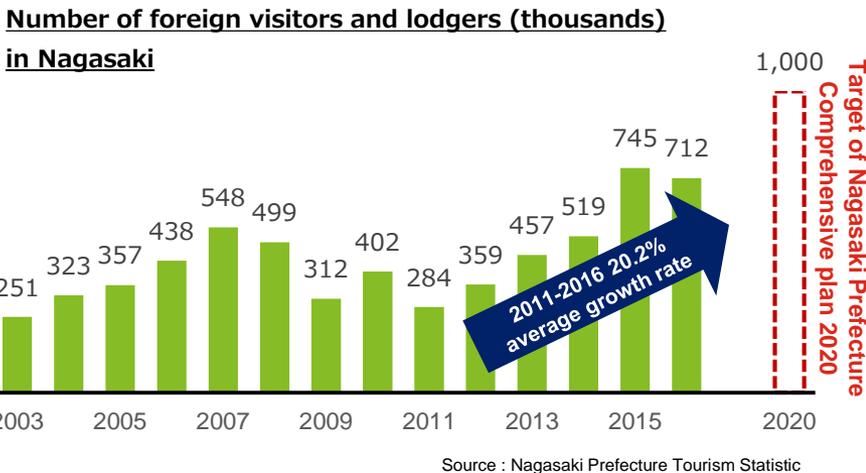
	2020	2030
Overseas visitors to Japan	40 million Double 2015	60 million Triple 2015
Overseas visitor consumption	8 trillion yen Double 2015	15 trillion yen Quadruple 2015
Overseas visitor overnight stays in regions	70 million stays Triple 2015	130 million stays Quintuple 2015
Overseas repeat visitors	24 million Double 2015	36 million Triple 2015
Japanese domestic tourist consumption	21 trillion yen Approx. 5% increase from the latest 5-year average	22 trillion yen Approx. 10% increase from the latest 5-year average

Source: Japan Tourism Agency, "Tourism Vision to Support Tomorrow's Japan"

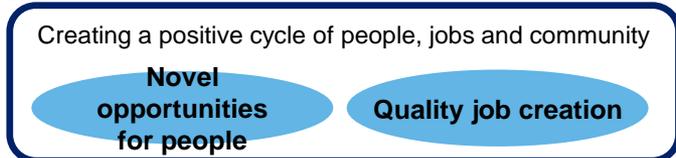
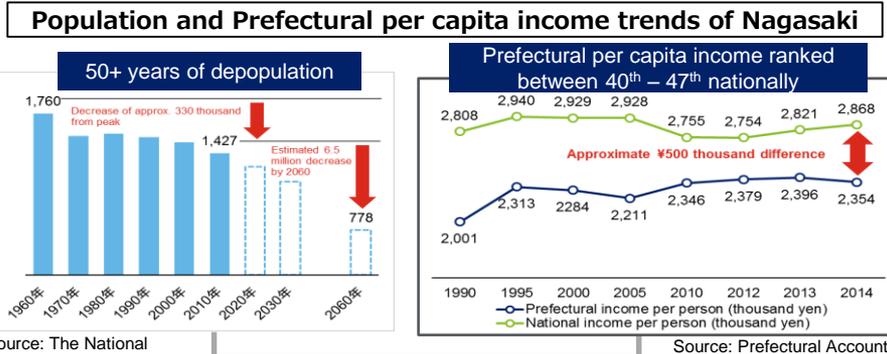
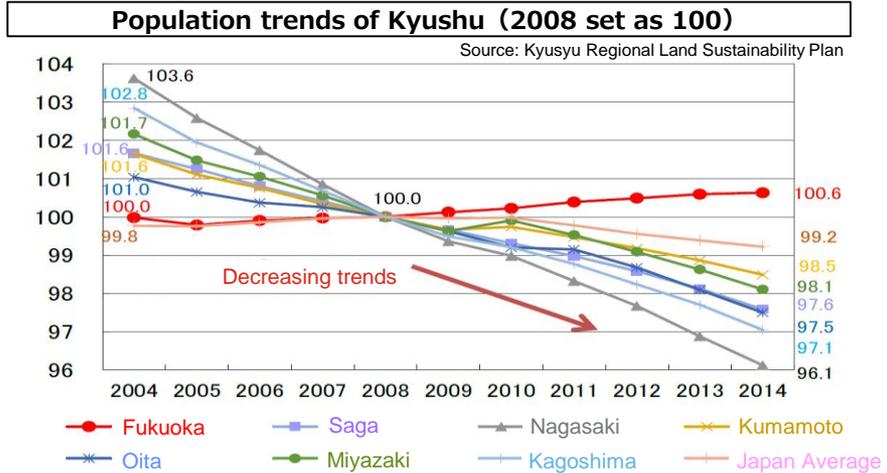
1. Introduction

(3) Tourism Industry and Issues in Kyushu and Nagasaki

- Foreign visitors also increasing rapidly in Kyushu due to tourism strategies



- Existing “structural” issues such as decreasing population and income
- Tourism industry’s growth trend can help address these issues



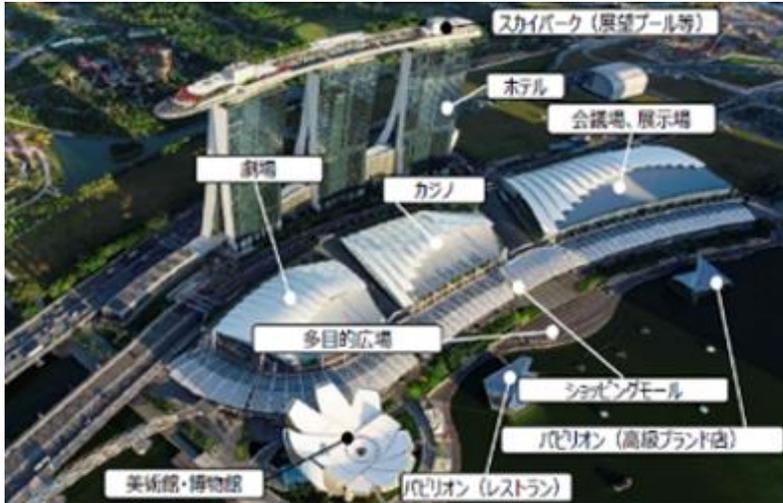
2. Background of the Nagasaki-Kyushu IR Initiative

- We believe that in implementing IR in Kyushu and Nagasaki the following five items ought to be developed and used to the fullest extent possible in order to contribute to becoming an “Advanced Tourism Country” with an extended-stay tourism model.
 - ① Accessibility from Asia
 - ② A heritage of International Exchanges
 - ③ Tourism resources with high degrees of international visibility
 - ④ Private sector, Assemblies and Local Governments Together Promoting as One (Advanced Implementation System for Tourism Promotion)
 - ⑤ Synergies with Huis Ten Bosch
- We believe that Kyushu and Nagasaki, which face such structural problems as declining population and low incomes can be revitalized by the further promotion of tourism, which is quite promising, and thereby provide novel opportunities to people and produce high quality jobs.
- Furthermore, along with accomplishing regional revitalization, we believe that through taking advantage of the individuality of Kyushu and Nagasaki we can contribute to the following national policies.
 - ① Preserving and promoting Kyushu’s many bordering islands
 - ② Preserving and activating Kyushu’s pride in its heritage, arts, traditions, etc.
 - ③ Strengthen Kyushu as the gateway connecting Asia and Japan

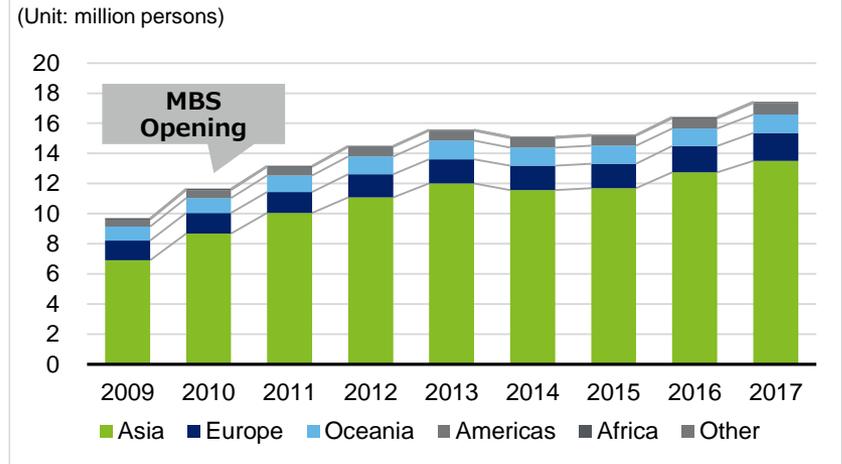
2. Background of the Nagasaki-Kyushu IR Initiative

(1) Examples of IRs Overseas

■ Singapore: Marina Bay Sands (MBS)



Changes in number of foreign tourists to Singapore



Source: Singapore Tourism Board

■ An IR utilizing existing tourism resources at Niagara Falls Canada: Fallsview Casino Resort



Source: B&B Niagara

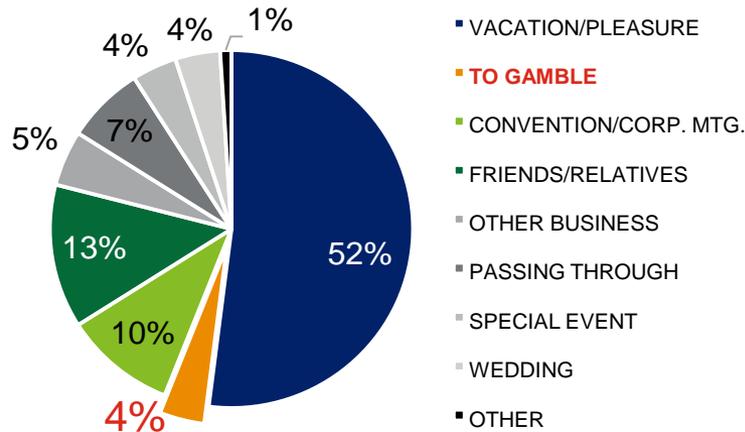
- Opened in 2004
- Fallsview Casino Resort, built on a cliff overlooking the famous Niagara Falls, utilizes Canada's largest existing tourism resource.
- This resort includes a 374-room luxury hotel, spa and fitness center, many shops and restaurants, a 1500-seat theater, and 30,000 square feet of fully-equipped meeting/conference space.

Source: Fallsview Casino Resort

2. Background of the Nagasaki-Kyushu IR Initiative

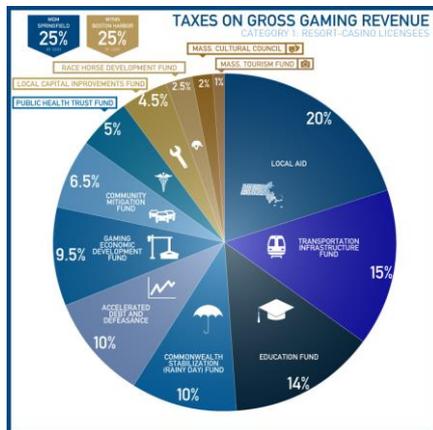
(1) Examples of IRs Overseas

Reference: Primary Purpose of Las Vegas Visits



Source: LAS VEGAS CONVENTION AND VISITORS AUTHORITY, 2016 LAS VEGAS VISITOR PROFILE STUDY

Example: Use of Taxes on Gross Gaming Revenue



Source: Massachusetts Gaming Commission

■ Taxes on gross gaming revenue in Massachusetts are allocated to various purpose funds:

- Local aid (20%)
- Transportation infrastructure fund (15%)
- Education fund (14%)
- Commonwealth stabilization (rainy day) fund (10%)

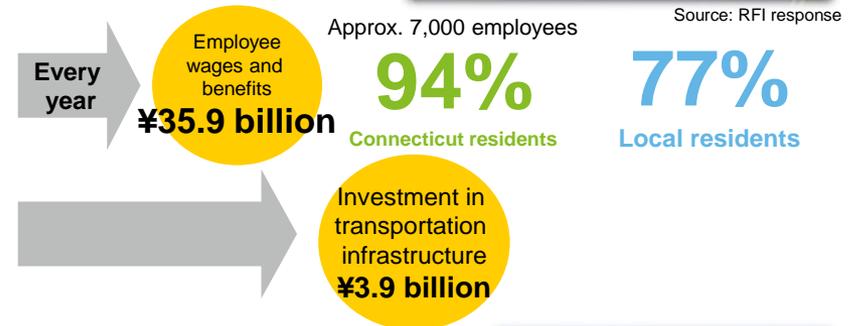
Example: Successful IR in Regional City

Mohegan Sun
(Mohegan Gaming & Entertainment)

- State of Connecticut, USA
Montville, New London County
(200+ km from New York City)
- Opened in 1996
- About 10 million visitors each year



Source: RFI response



SugarHouse Casino (Rush Street Gaming)

- Philadelphia, Pennsylvania, USA
(About 150 km from New York City)
- Opened in 2010



Source: SugarHouse website



Source: RFI Responses (approximate amounts)

2. Background of the Nagasaki·Kyushu IR Initiative

(2) Introduction of IRs in Japan

Japanese-style IR as Public Policy

- December 2016 - The Act on Promotion of Development of Specified Complex Tourism Facilities Areas (“IR Promotion Act”) was promulgated and enacted
- July 2017 - Official announcement of the Summary by the Council for Promoting Development of Specified Complex Tourism Facilities (“Summary by the Council”)

Targets of Japanese-style IR as Public Policy

Become an “Advanced Tourism Country” through Japanese-style IR as public policy

Establish the long-stay tourism model

Establish a MICE business to rival international competitors

Promote Japan across the world

Functions that should be central to Japanese-style IR

① MICE

○ Features that will be the nucleus of the MICE marketing strategy (ex: One of the largest MICE in Asia)

② Showcase

○ Provide a variety of entertainment and activities (ex: Great nightlife, VR experiences about local culture)

③ Gateway

○ Be a gateway to a broader trip in Japan (ex: one-stop concierge service)

④ Accommodations

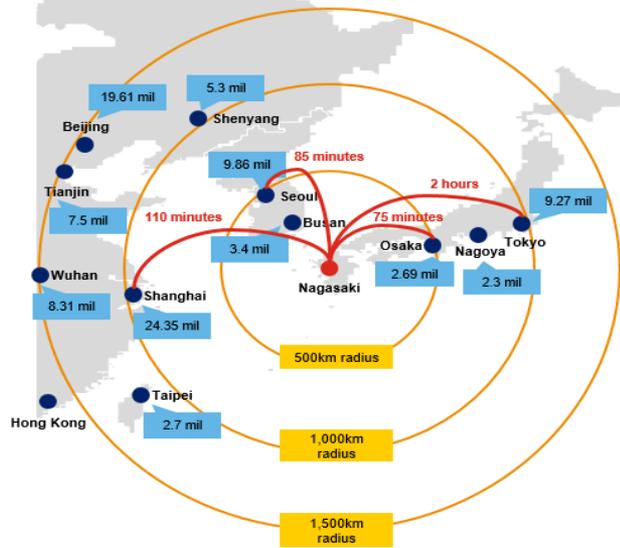
○ Accommodation to meet all kinds of needs (ex: the largest, National top class accommodations, agricultural homestay promotion)

2. Background of the Nagasaki-Kyushu IR Initiative

(3) The Nagasaki-Kyushu IR Approach: Nagasaki and Kyushu's Potential

(i) Accessibility from Asia

Over 100 million people live in major cities within a 1,500 km radius of Nagasaki City



Source: Ministry of Internal Affairs and Communications "World Statistics 2018"

Number of cruise ship port calls
Sasebo Port, Yatsushiro Port and Kagoshima Port are designated international cruise hubs.

Rank	2012		2013		2014		2015		2016		2017	
	Port name	Visits	Port name	Visits								
1	Yokohama	142	Yokohama	152	Yokohama	146	Hakata	259	Hakata	328	Hakata	326
2	Hakata	112	Kobe	101	Hakata	115	Nagasaki	131	Nagasaki	197	Nagasaki	267
3	Kobe	110	Ishigaki	65	Kobe	100	Yokohama	125	Naha	193	Naha	224
4	Nagasaki	73	Naha	56	Naha	80	Naha	115	Yokohama	128	Yokohama	178
5	Naha	67	Tokyo	42	Nagasaki	75	Kobe	97	Kobe	104	Ishigaki	132
6	Ishigaki	52	Nagasaki	39	Ishigaki	73	Ishigaki	84	Ishigaki	95	Hirara	130
7	Nagoya	43	Hakata	38	Otaru	41	Kagoshima	53	Hirara	86	Kobe	117
8	Beppu	34	Nagoya	35	Hakodate	36	Sasebo	36	Kagoshima	83	Kagoshima	108
9	Kagoshima	34	Futami	29	Kagoshima	33	Nagoya	34	Sasebo	64	Sasebo	84
10	Osaka	33	Hiroshima	26	Nagoya	30	Hiroshima	32	Hiroshima	47	Yatsushiro	66

Source: Ministry of Land, Infrastructure, Transport and Tourism

(ii) A heritage of International Exchanges

Nagasaki and Kyushu have been Japan's gateway for exchanges of people, goods and culture from ancient times (Heritage of international exchange developed through our bordering islands)



Envoy ship to Tang Dynasty

Dejima



Korean Embassies

Japanese heritage: Iki, Tsushima, and Goto border islands



○ Nagasaki Prefecture islands comprise 56.3% of Japan's designated remote inhabited border islands (Kyusyu's comprise 80.2% of it).

○ Historically and geographically close to China and the Korean Peninsula, they have extremely important national functions as bases for marine-related conservation activities including fishing, various marine research, maritime defense and monitoring low-tide areas.

Source: Ministry of Land, Infrastructure and Transport "Kyushu Regional Plan", Kyushu Travel Net, Nagasaki Prefecture, Nagasaki Travel websites

2. Background of the Nagasaki-Kyushu IR Initiative

(3) The Nagasaki-Kyushu Approach: Nagasaki and Kyushu's Potential

(iii) Tourism Resources with Important International Messages

○ Foreign visitors expect Japanese-style nature, cuisine, and townscapes when they come to regional tourist spots. Westerners are also interested in crafts and interacting with locals.*

Kyushu has numerous hot springs (onsen) and many other appealing tourist attractions.

Concentration of nationally renowned hot spring areas

Rank	Name of Hot Spring	Location
1	Hakone Onsen	Kanagawa
2	Kusatsu Onsen	Gunma
3	Yufuin Onsen Beppu Onsenkyo	Oita
5	Noboribetsu Onsen	Hokkaido
6	Dogo onsen	Ehime
7	Ibusuki Onsen	Kagoshima
8	Kurokawa Onsen	Kumamoto
9	Arima Onsen	Hyogo
10	Kinosaki onsen	Hyogo

Source: Voting results report of "Jalan popularity hot spring resort ranking 2018," Recruit Lifestyle

Traditional Festivals, Culture, and Art

Saga International Balloon Fiesta



Hakata Ori



Hita Doll Festival



Yamaga Lantern Festival



Arita pottery



出所* : DJB・JTBF アジア・欧米豪 訪日外国人旅行者の意向調査 (平成29年度版)



Source: Kyushu Tourism Promotion Organization

Sources: JR Kyushu home page, KOGEI JAPAN home page, Kyusyu travel net

2. Background of the Nagasaki·Kyushu IR Initiative

(3) The Nagasaki·Kyushu Approach: Nagasaki and Kyushu's Potential

(iii) Tourism Resources with Important International Messages

○ Foreign visitors expect Japanese-style nature, cuisine, and townscapes when they come to regional tourist spots. Westerners are also interested in crafts and interacting with locals.*

Nagasaki offers attractive sights, buildings symbolizing peace, the industrial revolution and culture, as well as natural surroundings

International peace

Peace Statue



Hario transmitting station



Industrial revolution heritage

Hashima (Gunkanjima)



Hidden Christians heritage

Kuroshima



Kashiragashima



Natural environment—remote islands & national parks

Kukuju Islands (SaiKai National Park)



Unzen-Amakusa National Park



Food culture

Sasebo burger



Nagasaki champon



Festival

Nagasaki Lantern Festival



Traditional crafts

Hasami porcelain



Mikawachi pottery



Nagasaki Kunchi



Tsushima (Watatsumi Shrine)



Iki (Koshima Shrine)



出所* : DJB・JTBF アジア・欧米豪 訪日外国人旅行者の意向調査 (平成29年度版)

Source: Sasebo City's "Hario transmitting station" pamphlet, Kukuju Island Pearl Sea Resort, 波佐見焼振興会, Iki Tourist Guide, Kyushu travel net

2. Background of the Nagasaki-Kyushu IR Initiative

(3) The Nagasaki-Kyushu IR Approach: Nagasaki and Kyushu's Potential

(iv) Advanced Implementation System for Tourism Promotion



Permanent public-private organization and core driver of "Kyushu Tourism Strategy" promotion

"Kyushu as One" promotion examples

- Promotion and branding
⇒ 7 prefectures in Kyushu collaborated to promote "tourism resources" to travel agents and media in major cities throughout Japan
- "Kyushu Saruku" (local tours)
⇒ Organized 200 volunteer guide groups in Kyushu.
⇒ "Kyushu volunteer guide event" held annually to train volunteers and exchange information about Kyushu tourism

Source: Kyushu Tourism Promotional Organization

Advancing Consensus for IR Between Private Sector, Assemblies and Local Governments

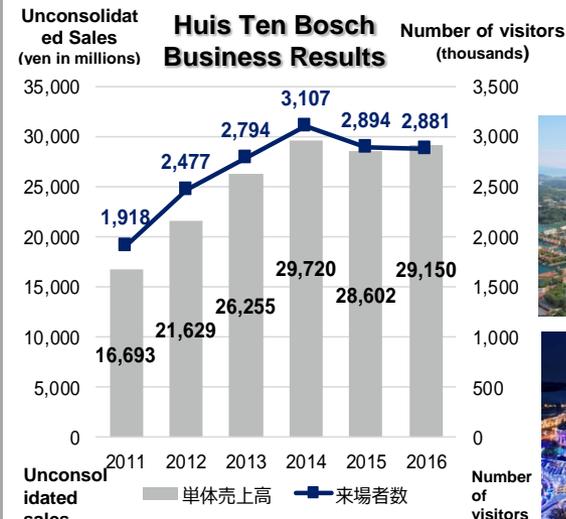
Local governments	Prefectural and City Assemblies	Business Community
<ul style="list-style-type: none"> • Cooperative system between Nagasaki Prefecture and Sasebo City • Opinion exchanges with various organizations • Approvals by the prefectural administrative chiefs meeting • Explanatory public meetings 	<ul style="list-style-type: none"> • Various recommendations adopted by Nagasaki Prefecture Assembly • Sasebo City Assembly formed an IR candidacy promotion group and adopted its recommendation 	<ul style="list-style-type: none"> • Proactive promotion by "West Kyushu IR Study Group" since 2007 • Nagasaki Chamber of Commerce requested IR candidacy • Sasebo Chamber of Commerce researching economic ripple effect
Kyushu		
<ul style="list-style-type: none"> • Special resolution for IR candidacy at Kyushu regional governors meetings 	<ul style="list-style-type: none"> • The Kyushu Economic Federation, Kyushu Tourism Promotional Organization, Nagasaki and Sasebo Chambers of Commerce jointly requested IR candidacy. 	

(v) Synergies with Huis Ten Bosch

Promising synergies with high level resort infrastructure and know-how of Huis Ten Bosch and its tourist attraction power and stable operational skills

Functions around Huis Ten Bosch

Hotels	7 (about 1,600 rooms)
Retail shops	54
Restaurants	58
Entertainment	Around 50 attractions
MICE facilities	Conference and hotel banquet rooms, 180-1,800 people each
Other	Nagasaki International University (3 km from Huis Ten Bosch, 10-min drive)



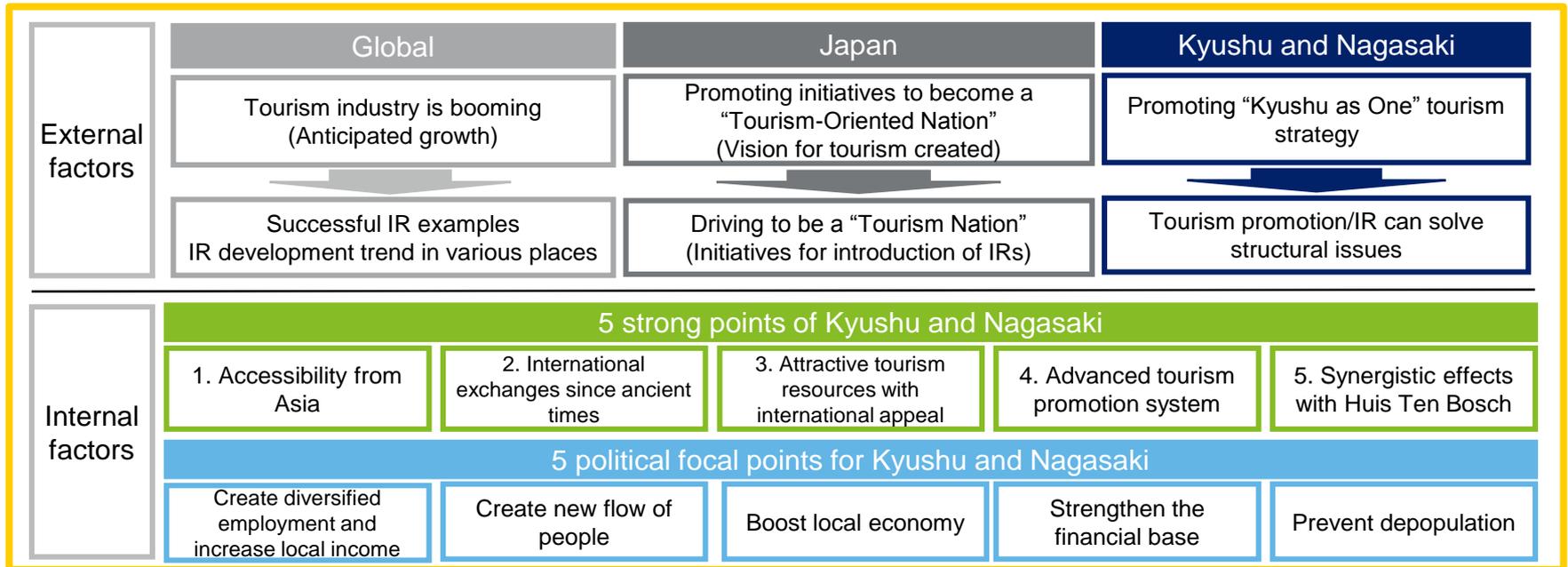
Source: Huis Ten Bosch
*Fiscal years ending September



Source: Huis Ten Bosch

2. Background of the Nagasaki·Kyushu IR Initiative

(3) The Nagasaki·Kyushu IR Approach: Summary



Introducing a World-Class IR For Regional Revitalization and National Policy Contribution

* < > are actions taken by the Japanese government



3. Themes and Location of the Nagasaki·Kyushu IR

- Through the gateway that is IR, our project will give rise to novel opportunities for local Kyushu and Nagasaki residents and extend to the whole country, while making the most of our history of being the gateway to exchange with the outside world and our deep connections to East Asia.
- Regarding Kyushu and Nagasaki IR, we believe that we should aim for the realization of a unique and leading-edge IR that makes the best use of the surrounding beautiful sea and islands against the background of our history that developed alongside our exchange with the world. Furthermore, we should aim for a regional society and a Japan that looks towards the future with sustainability, beauty, enjoyment, and vitality. We would like to move forward while pursuing the concepts below.

【Concept】

- Kyushu, which is located in the gateway of Japan, possesses the history and culture of having developed as a base for exchange with the outside world, including Asia since long ago, and the West more recently. That affinity for exchange is still in our DNA today.
- Aside from just historical and cultural resources, we will strive to have our IR focus on being an “Only 1” and “No. 1” facility, through our use of our plentiful regional assets like our beautiful islands and our bountiful marine resources.
- Also, through implementing IR in the gateway-since-long-ago that is Kyushu, we will aim to bring about a virtuous circle of sustainable regional revitalization for people, jobs and communities and aim for an even greater population expansion.

【Catchphrase】

- Kyushu and Nagasaki will aim for a heretofore unseen “Unique Marine IR”.
 - “Uni·que” is the combination of “Uni” from “United,” representing the linkage and solidarity of Kyushu in support of IR, and “que” (kyu) from Kyushu (kyu is also the number 9 in Japanese).
 - “Marine” represents the seas around Kyushu, which helped to instill the openness and enterprising spirit in the people of Kyushu and their heritage of international exchanges. These combine to form “UNI-9·Marine IR”.
- As for the area to be developed, we believe that we should give great consideration to how best to make magnify the benefits of IR implementation, put in order the considerations about the aftereffects, and bear in mind the institutional plan surrounding IR.

3. Themes and Location of the Nagasaki·Kyushu IR

(1) Thematic Elements

Only1/No.1

Unique & Pioneering

Creating an opportunity for new development within a background fostered by a unique culture with a heritage of creating fresh winds of regionalism in Japan

- **Distinctive heritage and unique culture** created by its role as Japan's gateway and crossing point for Japanese, Chinese and Dutch cultures
- Regional characteristic of **omotenashi** and a **DNA of enterprising spirit** accepting of visitors, cultures and further development
- A visitor destination which continuously focuses on being the **Only 1 and No. 1**

Sustainability

Utilizing the impact of IR and innovation to create a sustainable regional society

- An IR capitalizing on the potential of Kyushu and Nagasaki will vitalize the regional economy, create financially sound local governments and promote sustainable regional development
- An IR will address specific local issues, with the impact rippling through the regions

Marine & Island

Maintain and nurture the "healing" and "rejuvenation" provided by abundant marine resources, unique remote islands and diverse natural landscapes

- Surrounded by the sea in all directions, Kyushu has geographic and socio-economic cohesiveness
- **Beautiful natural environment** such as **abundant marine resources**, remote islands and volcanoes
- Economic activities on remote bordering islands can aid in their preservation
- Potential for **development of maritime transport** to the world through the sea

Heritage & International Exchanges

Kyushu and Nagasaki will create a new flow of people by redeveloping itself as a new tourism hub for Japan, based on its heritage as a place for international visits and exchanges

- A **hub for international exchange** with Asia since ancient times, and with the West in more recent times
- **Heritage tourism resources** (Meiji Industrial Revolution, hidden Christian sites, sacred island of Okinoshima and associated sites in Munakata region)
- A message of **Global Peace** to the world

3. Themes and Location of the Nagasaki·Kyushu IR

(1) Theme

Theme

To aim for a “sustainable” regional society and Japan that is vibrant, exciting and beautiful, through the creation of an IR that is “unique and pioneering” and utilizes our “heritage” developed through international exchanges, marine & islands and our other natural resources.



Naming

Nagasaki prefecture is aiming for a “Unique·Marine IR”

“Uni·que” is the combination of “Uni” from “United,” representing the linkage and solidarity of Kyushu in support of IR, and “que” (kyu) from Kyushu (kyu is also the number 9 in Japanese).

“Marine” represents the seas around Kyushu, which helped to instill the openness and enterprising spirit in the people of Kyushu and their heritage of international exchanges.

“IR” stands for “Integrated Resort” and also “Island Resort” with all of Kyushu included.

Nagasaki Prefecture aims to create a sustainable society through innovation driven by its Only 1 and No. 1 unique IR.

Logo Type

The “9” standing for the “kyu” in “yuni-kyu” (unique) ties the project to Kyushu where it was brought together. The 9 and IR is meant to look like the shape of Kyushu itself and attach a strong impression of Kyushu as a whole. Furthermore, the use of green and blue indicates our affinity with island resorts.

Unique·Marine IR is linked to the strategies of Japan, Kyushu, and Nagasaki

Kyushu and Nagasaki Strategy

“Kyushu Tourism Strategy”

“Kyushu-as-One to Promote Regional Revitalization”

Realization of Nagasaki Total Challenge Plan 2020

Revitalization Plan for Sasebo People and City

National Strategy

“Tourism Nation”

“Regional Revitalization”

“Preserve and Develop Remote Islands”

“Preserve and Utilize National Cultural Property”

“Gateway Kyushu”

3. Themes and Location of the Nagasaki·Kyushu IR

(1) Theme “Overview of appropriate facilities and functions”

Thematic elements

**Unique
&
Pioneering**

**Marine
&
Islands**

**Heritage &
International
Exchanges**

Sustainability

Facilities and functions the Nagasaki·Kyushu IR should have

“Attractive visitor increasing facilities” with showcase functions

Facilities where tourists can experience and play a part in preserving **Kyushu heritage, culture and art**. These facilities will encourage demand and customer visits through the use of cutting edge technology.

“Tourism and sightseeing promotional facilities” with gateway functions

Provide concierge functions **using state-of-the-art technology** and luxury excursions that take advantage of the land, sea, and skies of Kyushu

“MICE facilities” with winning world class functions

Convention Hall that will be among the largest in the nation, with the capability of large-scale incentive tours, large exhibition space where concerts, etc. promoting interactions among people can be held.

“Accommodation facilities” with premium hotel functions

Lodging facilities that can meet increasing demand (including through using nearby facilities as well as promoting development), and have the ability to accommodate **a wide range of guests**, including those who seek high-grade accommodations.

“Other facilities” to attract and lengthen visitor stays

Provide amenities that will contribute to the promotion of **experiential-tourism** (marine sports, island tourism, etc.), based on the demands of foreign tourists to Japan that are interested in not only things but experiences too.

Direction to make Nagasaki·Kyushu IR a reality

Transportation access measures

Implement sustainable transportation access through **strengthening infrastructure surrounding primary and secondary transportations routes via land, sea, and air**, and make plans for premium transportation for VIPs.

Social safeguard measures

For IR tourism sustainability, implementation of full measures to prevent harmful influences such as gaming addiction and money laundering, providing education for youth, and preventing entry by anti-social organization members

Training of international tourism personnel

In order to **raise workforce sustainability**, we will implement the best know-how from our international partners and stay connected with industry, government, and academia. We will place emphasis on diversity, and work to bring in and educate international human resources who possess **a high degree of proficiency in hospitality**.

Promoting understanding in the region

Promoting understanding in the region through continuous explanation to prefectural residents and concerted promotion by local government, the assembly, and the private sector

Promoting development of the surrounding regions

For total regional sustainability, promoting tourism-related development in surrounding regions and not just within the IR Specified Area

3. Themes and Location of the Nagasaki·Kyushu IR

(2) Approach to the Projected IR Area

Review of Geo-Promotion by Layer

F) Tourism and sight seeing promotional facilities to send IR-outbound tourists to other tourist attractions throughout Japan
Promote Nationwide Tourism in Japan

E) Promote Kyushu-as-One (cooperation between cities)
Promote Visitor Consumption on a Regional Basis

D) Nagasaki Pref. (cooperation between cities)
Promote Improvement of Transport Infrastructure, Environment, and Tourism Resources, etc.

C) Area around Omura Bay
Promote Development through Private Investment

B) Proposed Specified IR Area Plan 2 (HTB*: Max.100ha)
 [Existing facilities + New facilities]

A) Proposed Specified IR Area Plan 1 Vacant land (Max. 30ha)
 [New facilities]

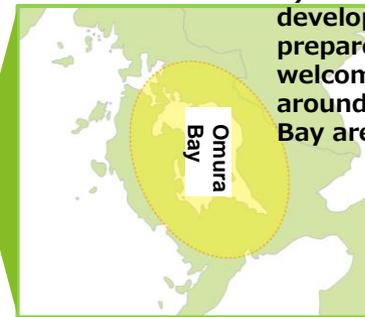
E) Kyushu cities collaborate to promote Kyushu-as-One to boost visitor consumption for all of Kyushu



D) Bridge transport infrastructure and tourism resources between sites in Nagasaki



C) Promote development to prepare and welcome tourists around the Omura Bay area



B) Huis Ten Bosch area with existing facilities



A) Vacant land with no existing facilities



*HTB : Huis Ten Bosch

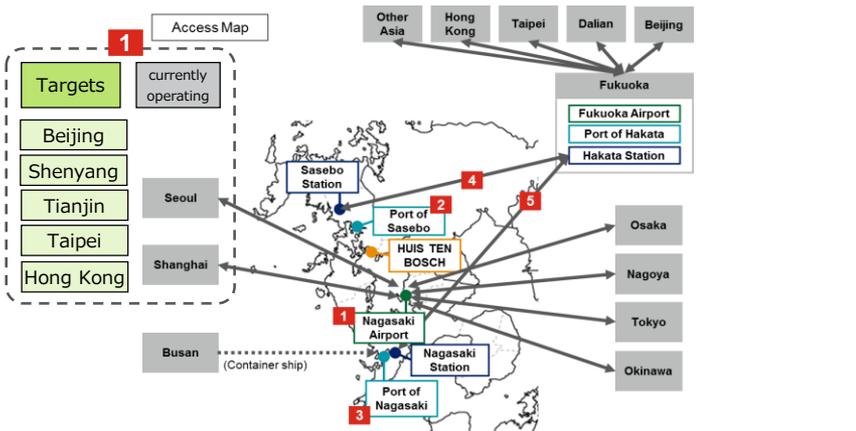
4. Goals for Implementation

4. Goals for Implementation

(1) Transportation Access

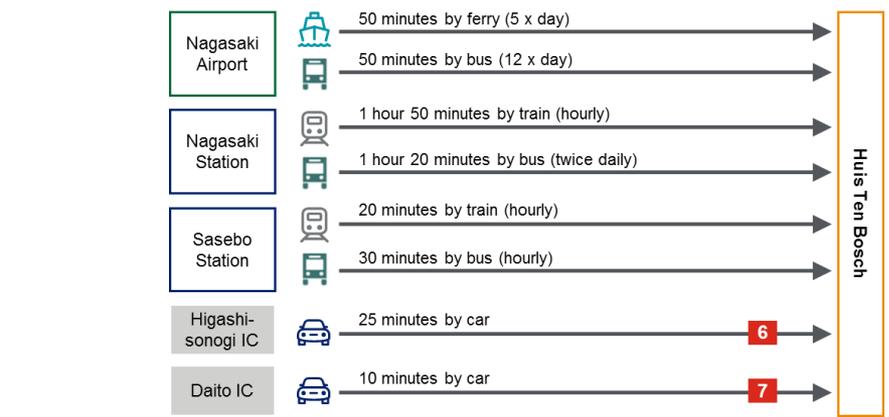
(i) Upgrades for Primary Transportation, (ii) Upgrades for Secondary Transportation

(i) Upgrades for Primary Transportation



	Status of Traffic Infrastructure	Transportation Access Measures	Status
Air route	Nagasaki airport Has sufficient capacity to expand international routes (Shanghai and Seoul routes are currently operating). ⇒Accessibility from Asia ⇒If restrictions on operating hours are eased, can service early morning and late night flights.	✓ Expand international network at Nagasaki Airport ⇒Expand international air routes, link with Asian hub airports	1 Underway
		✓ Upgrade terminal facilities ⇒Set up facilities to handle increased number of airport users	(future)
		✓ Airport open 24 hours ⇒Consider measures to operate airport for 24 hours including handling of CIQ	1 Underway
		✓ Link with other prefectural airports ⇒PR and increasing inter-airport transportation by bus, etc.	(future)
Sea route	(Sasebo Port·Nagasaki Port) Increasing trend in demands for cruise ships, such large cruise ships and demands from East Asia.	✓ Make Sasebo Port an international cruise ship hub ⇒Become an international cruise hub to attract more visitors from large cruise ships	2 3 Underway
Land route	Road and train access from Fukuoka can be improved.	✓ Construction of Kyushu Shinkansen West Kyushu route and JR Sasebo line ⇒Construction of shinkansen route and improvements to the JR Sasebo line	4 5 Underway

(ii) Upgrades for Secondary Transportation



	Status of Traffic Infrastructure	Plans for Transportation Access Measures	Status
Sea (land/air) route	Improve transit time from Nagasaki Airport and Nagasaki City to IR candidate site and increase frequency of service.	✓ Improve marine transportation from the port and Nagasaki City ⇒Shorten transit time and utilize the features of Omura Bay to have the marine travel itself provide a sense of enjoyment during transit time	(future)
	Unique locational features as an offshore airport that other regions don't have		
Sea and land route	Possibility of traffic congestion in IR surrounding area (equivalent to existing peak time traffic congestion of Huis Ten Bosch).	✓ Promote measures to mitigate traffic congestion ⇒In addition to tangible infrastructure improvements such as road widening, promote traffic mitigation through intangible means such as incorporating entertaining aspects into other forms of transportation to encourage selection of alternate travel modes	6 7 Partially underway (promoting development of Hario Bypass, etc.)
		✓ Improve convenience of existing transports ⇒Improve connections between airports and expressway buses, trains and buses, etc., and introduce a common pass for all transportation modes	(future)

4. Goals for Implementation

(2) Social Safeguards for IR

(i) Japanese Government approach to “Regulations of the Highest Global Standard”

Regulations of the Highest Global Standard

Social Safeguards for IR		Regulation of Casinos	
<ul style="list-style-type: none"> Preventing addiction 	✓ Credit limitations	<ul style="list-style-type: none"> Regulations for participation and licensing 	✓ Regulation of casino operators
	✓ Comp restrictions		✓ Owners of land and facilities
	✓ Advertising and solicitation restrictions		✓ Manufacturers of casino-related machines and equipment
	✓ Entry restrictions (limited number of visits, self-exclusion and exclusion by family)		✓ Specified trial institution, etc.
	✓ Addiction prevention measures performed by casino operators		
<ul style="list-style-type: none"> Sound upbringing of young persons 	✓ Entry restrictions	<ul style="list-style-type: none"> Regulation of casino facilities, machines and equipment 	✓ Number and size of facilities
	✓ Advertising and solicitation restrictions		✓ Structure of facilities and equipment
<ul style="list-style-type: none"> Anti-money laundering measures, prohibited entry of organized crime members 	✓ Prohibited entry by organized crime members, anti-social forces, etc.		✓ Standards, etc. for casino-related machinery and equipment
	✓ Regulation and monitoring of chips, etc.	✓ Certification of models, etc.	
	✓ Impose obligation to confirm time of transaction, etc.	✓ Regulations of playing casino (gaming)	
	✓ Anti-money laundering measures, etc. implemented by casino operators	✓ Regulation of casino operations	
		<ul style="list-style-type: none"> Regulation of casino operations 	✓ Regulation of IR operations including casino operations

4. Goals for Implementation

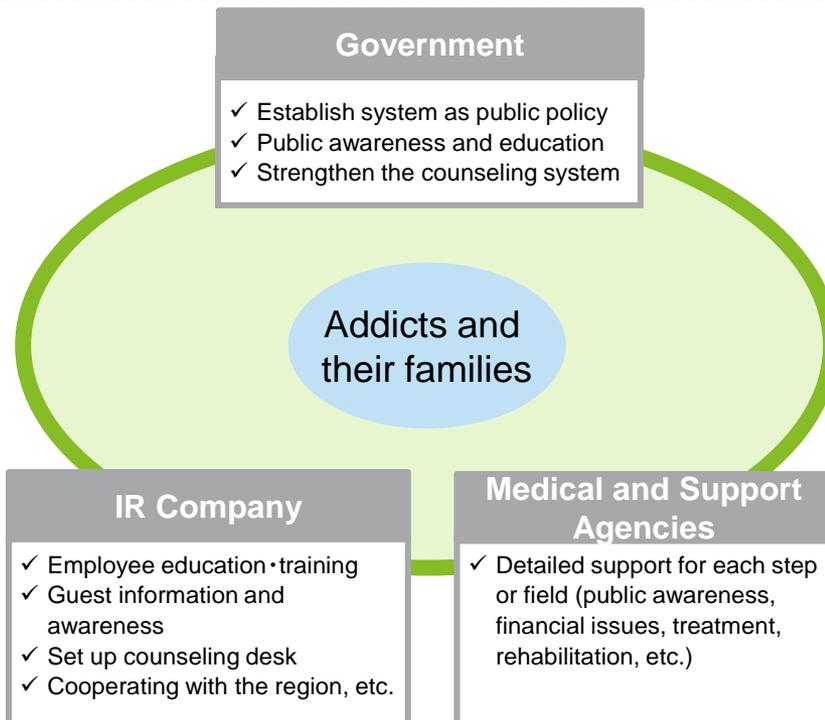
(2) Social Safeguards for IR

(ii) Approach to Measures for Nagasaki IR

Measures for Preventing Addiction

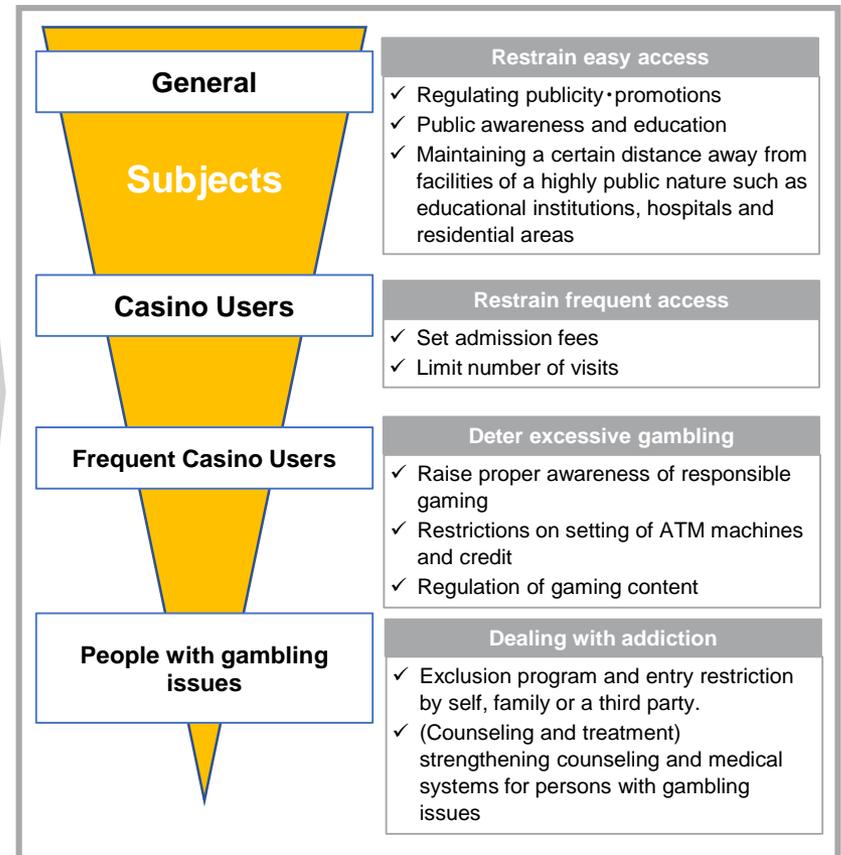
Developing a System through Strong Networks

- Necessary seamless support for addicts and their families by a network of government, IR companies, medical and support agencies
- ⇒ Strengthen the network that will connect from consultation to treatment, make a division of duties, and move forward to bring the system into place.



Appropriate Measures Depending on Category

- Appropriate measures are necessary for all persons related to the casino depending on the categories in the below diagram

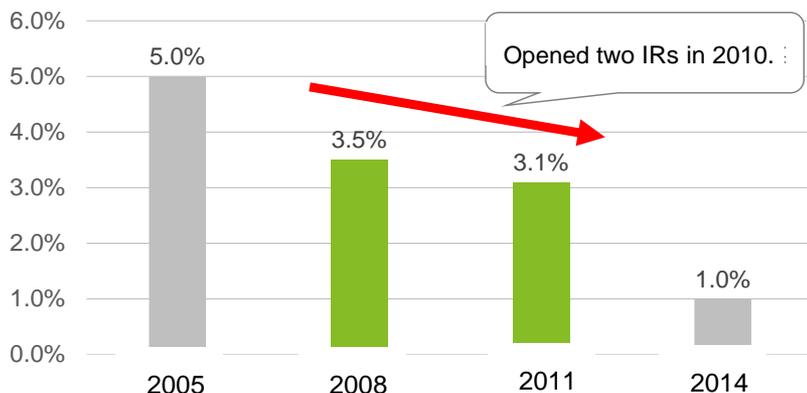


4. Goals for Implementation (2) Social Safeguards for IR Reference

Social Safeguards for IR (overseas examples)

■ Measures for preventing addiction (Singapore example):

The national prevalence rate of probable pathological and problem gambling decreased after the opening of the IRs, as a result of effective measures by Singapore and its regulatory authority.



Source: reports of the National Council on Problem Gambling, Ministry of Community Development, Youth and Sports

■ Entry Regulation (Nevada, U.S.A. example):

Strict restrictions and penalties are enforced against involvement of anti-social organizations through rigid screenings of integrity and morals of the business operators, etc. by state laws and the regulatory authority.

- ✓ State laws: Requires integrity and morality of business operators, their employees and all related parties
- ✓ Regulatory authority: Background checks especially on relationships to anti-social organizations
- ✓ Investigation subjects: Not only the parties concerned, but their families, etc. are also subject to statutory regulations and investigations

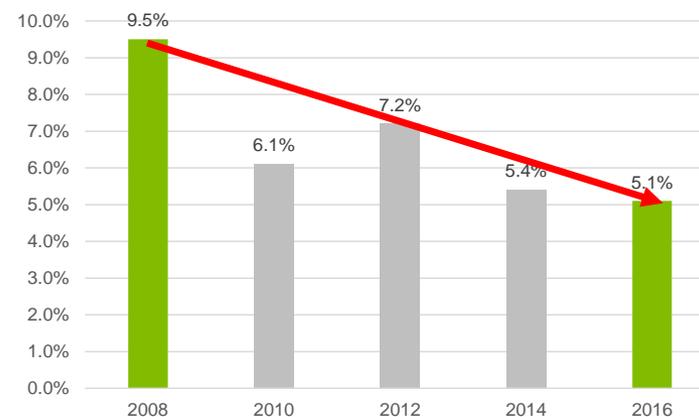
■ Appearance of addictions and other social problems (Kangwon Land, Korea example):

No concrete prevention measures were taken when this IR opened, and as a result, Korean citizens experienced gambling addiction and other social problems after the opening.

Examples of counter-measures currently enforced

- ✓ Credit restrictions (prohibition of loans etc.)
- ✓ Advertising restrictions
- ✓ Admission fee collections
- ✓ Entry restriction by family request
- ✓ Protective measures for minors
- ✓ Counseling, treatment, etc.

The incident rate decreased after counter-measures were applied



Source: website of the National Gambling Control Commission

4. Goals for Implementation (2) Social Safeguards for IR Reference

Research by the Japanese Government in 2017

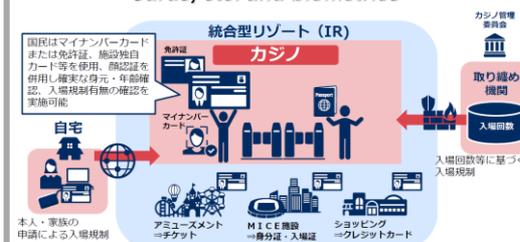
- According to this 2017 national survey, 3.6% (3.2 million) of adults are “suspected to have been in a state of gambling addiction” in their lifetime.
 - Persons “suspected to have been in a state of gambling addiction” in their lifetime, mostly go to *pachinko* (Japanese pinball machines) and *pachislo* (*pachinko*-based slot machines)
- On the other hand, 0.8% (700 thousand adults) are suspected to have been in a “state of gambling addiction” in the past year.
 - One possible reason for this is about 2.5 million people recovered through treatment, natural healing or other reason, between the course of their lifetime and the past one year.
- Comparison with other countries
 - Compared with other countries, Japanese have a higher rate of “suspected to have been in a state of gambling addiction” in their lifetime. (U.S.A.: 2~3%, Singapore: 0.7%, Canada: 1.3%, U.K.: 0.8%)
 - The Japanese rate for “suspected to have been in a state of gambling addiction” in the past year, is lower than the U.S.A. and the same as the U.K. (U.S.A.: 1.9%, U.K.: 0.8%)

Source: Created based on published documents by the National Hospital Organization Kurihama Medical and Addiction Center

Summary of RFI Responses (examples of measures)

- A) Education
 - Educate and train employees
 - Educate and enlighten guests
 - PR campaign (hold seminars and enlightenment events)
 - Hold briefing sessions and meetings with local residents
 - Cooperate with local experts
- B) Restrictions on admission and inside casino facilities
 - Establish self-exclusion program
 - Self-restrictions for check cashing, credit and mail/promotional offers and a cap for casino activities
- C) Initiatives linked to counseling and treatment
 - Establish help-line, Introduction of counseling center in the facility
 - 24-hour counseling service, Exclusive live chat service for problem gamblers
 - Establish responsible gaming center
 - Subsidy grants to external expert organizations
 - Responsible gaming by donations to local groups

Verify identification by My Number Cards, etc. and biometrics



Anti-addiction seminar



Source: RFI Response

4. Goals for Implementation (2) Social Safeguards for IR

(ii) Approach to Measures for Nagasaki IR

Security Measures

■ Direction of Measures to prevent the corruption of public morals

- ✓ Stay away from and maintain a certain distance from highly public places such as educational institutions, hospitals and residential areas

■ Direction of Measures to prevent deterioration of the living environment

- ✓ Maintenance of the environment through regulations, monitoring and oversight (construction, equipment, business hours, noise, vibration, illumination, promotions and advertisements, etc.)
- ✓ Establish organizational structure and strengthen functions related to equipment for crime prevention and surveillance of IR facilities and surrounding areas
- ✓ Reinforce the police force by increasing the number of police officers and improving police facilities and traffic safety facilities, etc.
- ✓ Close cooperation with local governments, police and IR company
- ✓ Establishment environmental monitoring organizations in the local community

Security management



Source : RFI Response

Security measures utilizing state of the art ICT technology

人物検出

リアルタイム映像から登録済人物を直ちに検出



人物追跡

指定した人物を複数カメラをまたいで継続的に追跡



Measures for Protection of Minors

- Japanese government policy is to prohibit persons aged under 20 from entering any Specified IR Area, and to also prohibit the distribution of advertising leaflets or soliciting of minors both inside and outside of the Specified IR Area

[Overseas ex:]

Category	Singapore *	Nevada, U.S.A.
✓ Promotion and solicitation restrictions	<ul style="list-style-type: none"> • Advertising must be approved in advance by the regulatory authority • Advertising intended for Singaporeans and permanent residents is prohibited • Advertising is restricted to certain places (airport, cruise ship berthing areas, etc.) 	<ul style="list-style-type: none"> • Advertisements and promotional activities which lack good sense, dignity, character and integrity, or are offensive (including advertisements which are untrue or misleading) are subject to disciplinary action
✓ Entry restriction	<ul style="list-style-type: none"> • Prohibits persons aged under 21 from entering the site (gaming is also prohibited) 	<ul style="list-style-type: none"> • Prohibits persons under 21 from being present in the gambling area (gaming is also prohibited)

*A casino operator which fails to stop minors from entering its casino facilities will be subject to sanctions (fines) by the Casino Regulatory Authority of Singapore.

Since the IR openings, 10 cases of minors entering casino facilities have been reported (2010-2016), in violation of Section 133 of the Casino Control Act, for which companies have been fined a total of 370,000 Singapore dollars (about 30 million yen) by the Casino Regulatory Authority of Singapore.

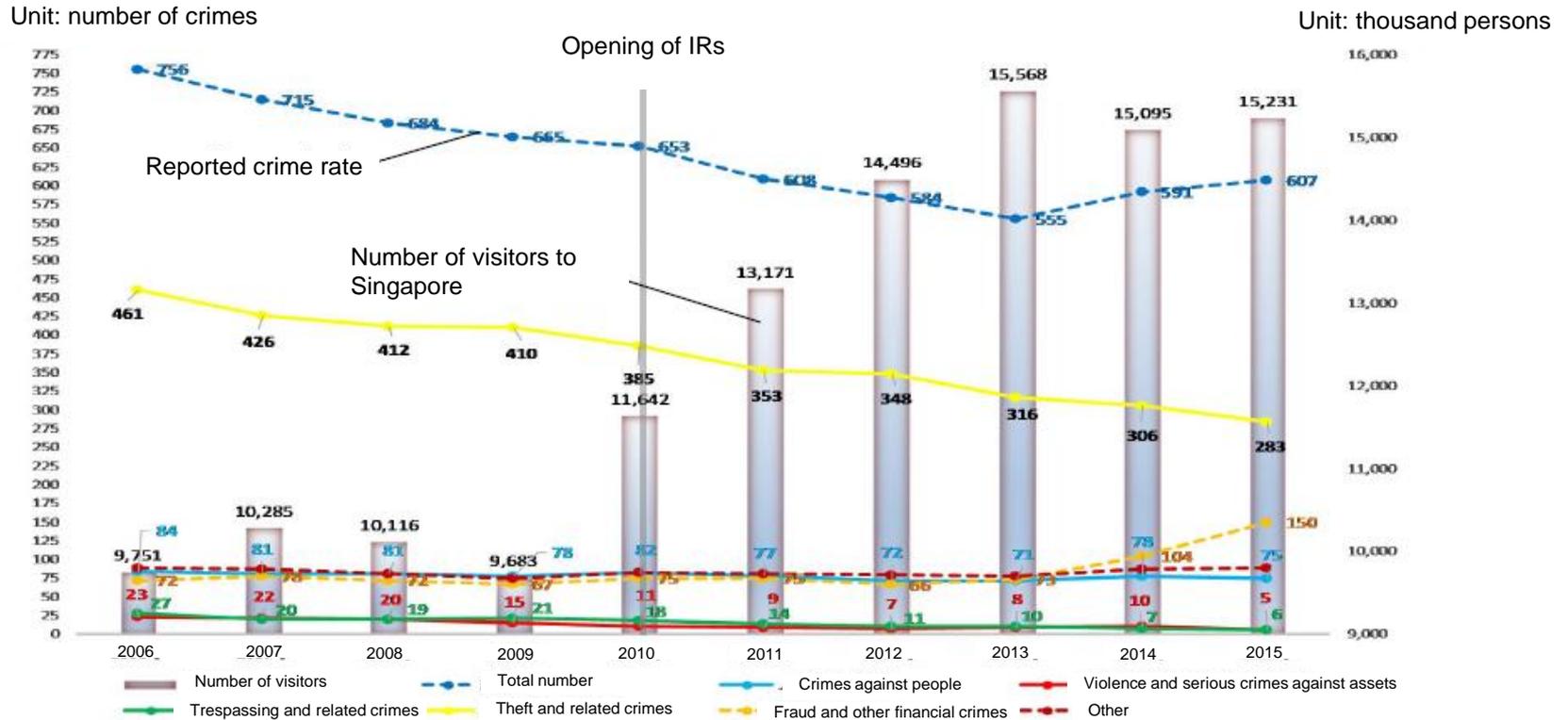
Establish a “safe and secure IR” by appropriately addressing various issues related to IR introduction, including addiction-prevention measures, measures against organized crime, measures against anti-social forces such as violent crime syndicates, etc., crime-deterrence measures, and measures for maintaining a moral environment for the community and the sound development of minors.

4. Goals for Implementation (2) Social Safeguards for IR Reference

Social Safeguards for IR (overseas example)

■ Reported crime rates (per 100,000 persons) before and after IR openings (Singapore case):

Visitors to Singapore have increased after the IRs opened, with **no significant changes in annual crime rates**



Source: Documents from the first meeting of the Council for Promotion of Development of Specified Complex Tourism Facilities Areas

4. Goals for Implementation

(3) Training International Tourism Personnel

- | Issues | 1. Expand training know-how for tourism and IR personnel | 2. Create “hands-on” practical learning opportunities at advanced educational institutions | 3. Diversified jobs and human resources |
|--------|--|--|---|
|--------|--|--|---|

1. Collaboration with overseas universities

➤ Learn from overseas universities where IR is already introduced as Japan has limited resources for training IR personnel

Example: University of Nevada, Las Vegas

- IGI (International Gaming Institute), an educational and research organization specialized on gaming located at UNLV
- IGI offers hospitality courses and an Executive Development Program intended for global gaming industry executives
- Has research and education centers on gaming regulations such as the International Center for Gaming Regulation

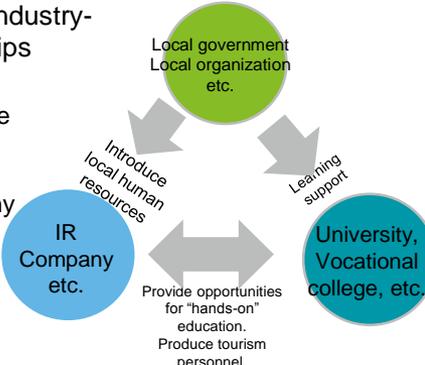


The Gambling & Risk Taking Conference
Source: University of Nevada, Las Vegas

2. Train management personnel through industry-government-academia partnerships

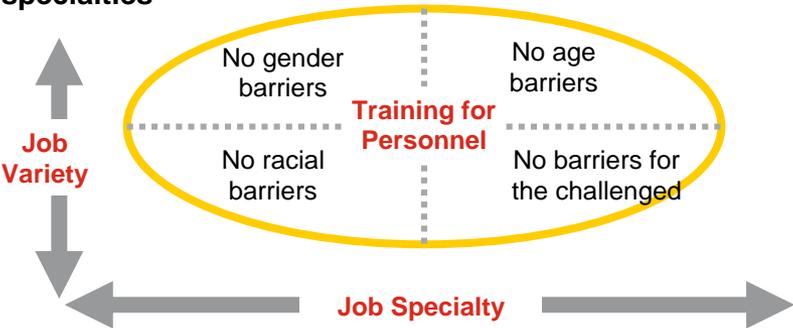
➤ Provides “hands-on” learning from training to work place based on industry-government-academia partnerships

- Emphasizes training on providing the kind of *kokochi yosa* (comforting) hospitality desired by repeat visitors
⇒ Collaboration between IR company and universities is needed
- Local governments, etc. to proactively create opportunities for collaboration



3. Establish and link diversified educational organizations together

➤ Promote the establishment of and collaboration between educational institutions that train and produce diversified personnel for various types of jobs and different kinds of specialties



(Example) Marina Bay Sands
Types of jobs: 600 / Number of employees: 9,500

<p>Non casino-related 4,100 persons</p> <p>[Hotel] Guest service agent, Service attendant, etc. [MICE] Technical staff, Advanced technical staff, Maintenance, Supervisor, etc. [Entertainment] Ticket administration, Theater management, etc. [Retail] Retailing agent, Store manager, etc.</p>	<p>Casino-related 4,200 persons</p> <p>Dealer, Dealer manager, Pit boss, Executive host, VIP host, Administrative operation, Cage cashier, Slot attendant, etc.</p>	<p>Specialized Jobs 1,200 persons</p> <p>Communication, Treasury, Human resources, IT, Legal, Marketing, PR, Audit, Compliance, etc.</p>
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4. Goals for Implementation

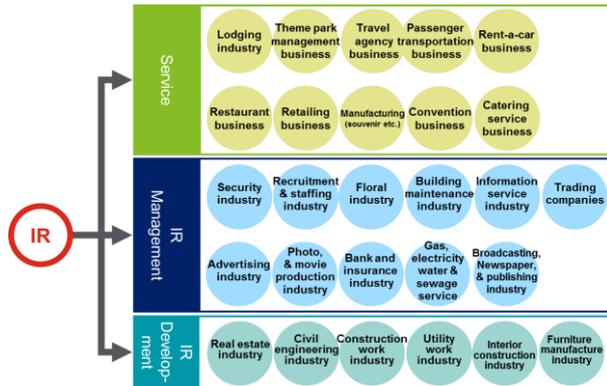
(4) Promoting Understanding in the Region

- Issues**
- 1. Sustainable contributions to people, jobs and communities
 - 2. Forming local consensus
 - 3. Obtaining the understanding of residents

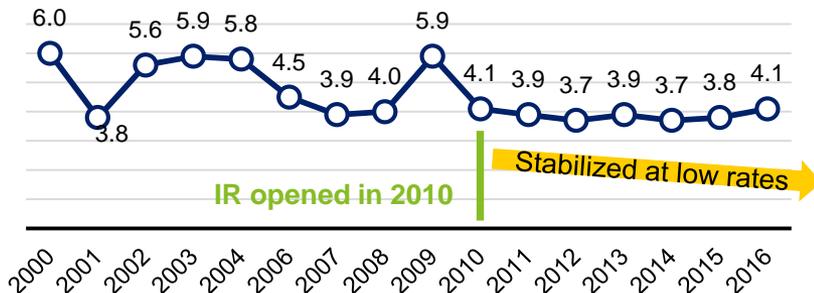
Local supply and local employment

➤ The IR should procure goods and services and employ personnel from local sources to the extent possible

(Reference) Image of IR related industry



(Example) Singapore's IR stabilized the unemployment rate



Source: International Labour Organization

Private sector, Assemblies and Local Governments Together Promoting as One

Prefectural business leaders

- Continuous and proactive movement since 2007 to attract IR by the “West Kyushu IR Study Group” mainly consisting of business leaders in west Kyushu (chaired by Mr. Maeda, chairperson of the Sasebo Chamber of Commerce)
- Request for IR introduction by the Nagasaki Chamber of Commerce Association
- Study of the IR's ripple effect on the local economy by the Sasebo Chamber of Commerce

Prefecture and City Assemblies

Nagasaki Prefecture Assembly

- Two opinion letters were adopted. One for speedier passage of the IR Promotion Law and the second regarding Promotion of the IR

Sasebo City Assembly

- Formed an IR attraction and promotion group of assembly members
- Opinion letter was adopted urging speedier establishment of the IR Promotion Law

Local governments (Nagasaki Prefecture and Sasebo City)

- Joint research and analysis by Nagasaki Prefecture and Sasebo City for drafting the Concept (since 2013)
- Opinion-exchange meetings with 38 organizations
- Approvals at the Nagasaki Prefecture municipality mayors meeting
- Briefings to the public related to IR introduction

Kyushu

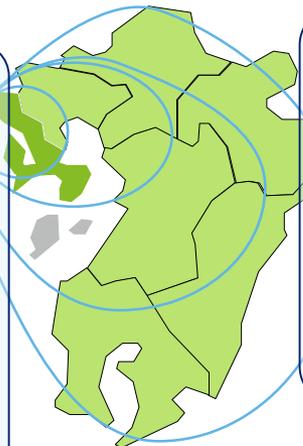
- Special resolution on “IR candidacy for Kyushu” at Kyushu Governors Meetings (May, October 2017)
- Approval to include IR establishment in Kyushu tourism strategy at the Kyushu Region Strategic Meeting, a public-private collaboration effort
- The Kyushu Economic Federation, Kyushu Tourism Promotion Organization, Nagasaki Prefecture, Sasebo City and Sasebo Chamber of Commerce jointly requested consideration of IR candidacy to the all-party parliamentary group (August 2017).

5. Economic Ripple Effects

5. Economic Ripple Effects

Effects on Kyushu · Nagasaki

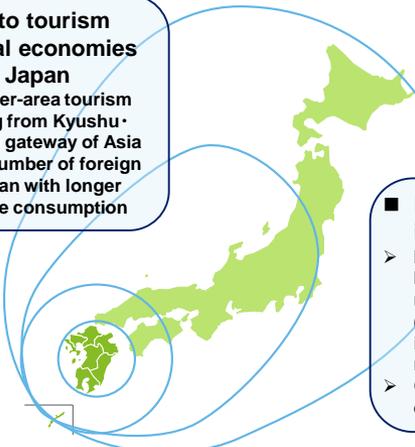
- Establish “Tourism-oriented Nagasaki”
 - Contribute to a comprehensive strategy for people, jobs and communities
1. Create a positive cycle of “jobs” and “people”
 2. Large impact on local economies
 3. Promote larger-area tourism initiatives, actively communicate attractiveness of regions, etc.



- Contribute to achievement of Kyushu Tourism Strategies
1. Kyushu brand image strategy
 2. Tourism infrastructure establishment strategy
 3. Visit Kyushu promotion strategy
 4. Strategy to promote extended stays and tourist consumption

Effects on Japan overall

- Contribute to tourism and regional economies throughout Japan
- Form new larger-area tourism routes starting from Kyushu · Nagasaki, as a gateway of Asia
 - Increase the number of foreign visitors to Japan with longer stays and more consumption



- Financial improvement
- Increase of tax revenue by contributing to regional revitalization (halting depopulation, increasing prefectural resident income, etc.)
 - Casino facility levies and entry fees

Projected economic effects for Kyushu based on assumed investments and revenue (as of the Concept Plan date)

Number of visitors ^{*1}	7.4 million annual visitors	Construction investments ^{*2}	200 billion yen
Economic ripple effect (operations)	260 billion yen	Economic ripple effect (construction investments)	370 billion yen
Employment creation effect ^{*3} (operations)	22,000 people	Employment creation effect ^{*3} (construction investments)	38,000 people

Underlying assumptions and notes:

- Number of visitors are calculated based on domestic and international visitor demand, without considering limitations related to transportation infrastructure and the visitors to Huis Ten Bosch. (*1)
- Construction investments includes building construction only, and excludes costs and consumption taxes of land reclamation, external construction, design management, etc. Costs of public facility development are also excluded. (*2)
- Employment creation effects include sole proprietorships and family employees. (*3)
- Economic ripple effects and employment creation effects are calculated **for the Kyushu region**.

Reference - Advisory Council Actions in JFY 2017

1st

(1)Day and time : 27th Nov 2017 10:00~11:40

(2)Place : Dejima Koryu Kaikan

(3)Agenda

- About the Outline and Situation of IR
- Formulation of Nagasaki Basic IR Concept Plan

We held an exchange of opinions on the situation surrounding IR, our movements up to now, and the content of RFIs

Second

(1)Day and time : 13th Feb 2018 10:00~12:15

(2)Place : Nagasaki Prefecture Government's meeting room

(3)Agenda

- Outline of the result of our responses to RFIs ①
- Looking towards the decision on the Basic IR Concept Plan (rough draft)

While taking into account the RFI answers, we discussed how the central facilities ought to be, from concept to MICE functionality to PR organs.

3rd

(1)Day and time : 23th Feb 2018 10:00~12:30

(2)Place : Nagasaki Seihi JA building

(3)Agenda

- Outline of the result of our responses to RFIs ②
- Looking towards the decision on the Basic IR Concept Plan (rough draft)

While taking into account the RFI answers, we discussed transportation access and plans to counteract adverse effects.

4th

(1)Day and time : 16th Mar 2018 10:00~12:30

(2)Place : Nagasaki Prefecture Government's meeting room

(3)Agenda

- About the Basic IR Concept Plan (draft)

We discussed the functionality of the facilities and concepts that Nagasaki IR ought to have, as well as how to bring it all together.

JFY 2017 NAGASAKI BASIC IR CONCEPT PLAN Advisory Council

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Tomoyuki ITAGAKI
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Kiichirou HIRAMATSU
Yoshiyuki MASUMOTO