

**Impediments of Trade Services in Japan:
Measuring the Border Effect on International Air Transportation Services**

Takamune FUJII*

Faculty of Business Administration, Aichi University

Abstract:

In this paper, we quantify the impediments of international passenger air transportation services in Japan by identifying the “border effect”. To measure that, we employ the gravity model with intra- and international passenger flow in Japan. And then, “crossing national border” dummy is introduced to quantify the “border effect”. According to the regression result with the pooled data of intra / international air passenger flow, we find that the “border effect” dummy shows negative coefficient. This result implies that international passenger flow is interrupted by some impediments such as political regulation, institutional inefficiency, and so on. Unfortunately we cannot examine which reason is critical as an impediment. However, the existence of such impediments may harm Japanese economy because foreign tourists or business persons will have distance to visit Japan and Japanese economy will be left behind the global production/service network.

Keywords: Trade in Services, Trade Impediments, International Air Passenger Flow

JEL Classification: F13, F22, L93, R40

* 370 Kurozasa, Miyoshi-cho, Nishikamo-gun, Aichi 4700296 Japan. Tel: +81-561-36-1111, Fax: +81-561-36-5553, mailto: tkfujii@vega.aichi-u.ac.jp