

Japan's Leading Tourism and Aviation Weekly

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The next J-wing will be issued on May 8th 2006 because May 1st is in the midst of the Golden Week, a long vacation week. Thank you for your understanding.

****ANA Sales successfully achieve more operating profit than initially planned***

ANA Sales President Koji Ono revealed at an interview with the Wing Travel Weekly that it has achieved operating profit of 2,700 million yen for FY2005, 10% less than operating profit for FY2004, but 5 million yen more than the initial target. Consolidated transactions for FY2005 reached 276 billion yen, 8% more than a year ago.



ANA Sales aims to increase transactions by 5% to 289 billion yen for FY2006, but forecasts to decrease operating profit by 15% to 2,300 million yen for FY2006 because of additional capital investments.

Ono said that he is satisfied with the financial result for FY2005, as ANA Sales increased transactions over all businesses: up 10% to 225 billion yen for the domestic travel business, down 1% to 51 billion yen for the overseas travel business and up 18% to 1 billion yen for the foreigner-inbound travel business. The year-on-year reduction of operating profit resulted from higher air tickets of ANA and successive capital investments of 7 billion yen for four years.

Although the number of tourists for China largely decreased due to the anti-Japan demonstrations, ANA Sales achieved the almost same transactions from the overseas travel business for FY2005 as those for FY2004. The result was accomplished by favorable business growths for mainland U.S., Hawaii and Guam, Ono said.

+Offering new products for senior travelers

ANA Sales places China, Senior, FIT and Web as four major strategy segments. For China, it will challenge the business

again this year. For FIT, ANA Sales has incorporated about 8,000 hotels worldwide into its online selling in cooperation with Miki Tourist, and as a result it has increased sales of air + hotel or hotel.

ANA Sales has begun selling “Tabisaku,” dynamic package products for China, on its website since December last year. Despite no large-scale advertising for the new products, about 800 customers have already selected the products. Saying that dynamic package is a big trend, Ono indicates a plan to extend the dynamic package to the domestic travel filed and then to other overseas FIT markets.

ANA Sales began selling “Let’s travel with husband and wife” products for both overseas and domestic travels on March 17 this year. This is a unified business concept for ANA Group. Ono said, “The senior market cannot be bundled together in a group because it is so wide. So we will develop the concept as propose-type product for seniors.” ANA Sales has already received a lot of requests for brochures of the new products, Ono added.

+Leveraging businesses for China and Europe particularly for FY2006

ANA Sales aims to increase transactions for FY2006 by 5% to 289 billion yen compared to a year earlier. Ono said, “We hope that tourist demand for China will be stronger than last year. We will leverage the business for Europe that was inactive last year,” as ANA Sales expects to collect 20% more customers for Europe and 40% more customers for China for the first half of FY2006 than a year ago. The target customers in total for the first half of FY2006 are 78,300, 17% more than a year ago.

ANA Sales has renewed and expanded its products for Russia, Eastern and Central Europe especially. For China, it plans to offer six charter flights this year and offers products for Chengdu and Urumqi this summer in the same manner as last summer. Also, its high-grade products particularly for seniors are extended to other Chinese destinations, such as Guangzhou or Suzhou, in addition to Beijing and Shanghai.

***Tourism mission of Bali visited Japan to appeal favorable recovery**

Bali Tourism Board (BTB) Chairman Bagus Sudibya said at a news conference in Tokyo on April 18, “Japanese tourists have been coming back to Bali. It is a proof that Bali has been trusted as a tourist destination again.” He joined a tourism mission, which held workshops in Tokyo, Osaka, Nagoya and Fukuoka for earlier recovery of tourist demand from Japan. Sudibya added that BTB hopes to attract approximately 310,000 Japanese tourists to Bali for 2006, almost same numbers as those for 2005.

The number of Japanese visitors to Bali for 2005 was down 5.0% to 310,139 compared to a year ago, marking the second most Japanese visitors, following 326,397 for 2004. Because of the aftermath of the Bali bombing in October 2005, the number of those for January this year was largely down 41.7% over the same month last year, but the year-on-year reduction rates have recovered to 30.8% in February and 23.8% in March.

The average load factors on Garuda Indonesia Airlines’ flights between Japan and Bali was 60% to 70% from October last year to January this year, however it recovered to 80% in February and 90% in March because the airline used smaller aircraft than B747. Even since the airline restarted using B747 in April this year, it has maintained load factor of 60% to 65%. Garuda expects that passenger demand will recover completely during on-season from June to October this year.

Ministry of Culture and Tourism of Indonesia is developing “Visit INDONESIA-Ultimate in Diversity,” a new tourism campaign globally invested \$10 million. Under the campaign, Bali will offer a variety of tourism events and strengthen PR activities. At the same time, new hotels will open one after another, and some hotels will begin renovation programs.

+BTB ensures a large budget for security improvement

BTB Chairman Sudibya pointed out again that the largest issue for Bali is to maintain security. BTB has strongly requested the Indonesian government and the Bali state government to ensure successive budgets for maintenance of security. As a result, Sudibya revealed that \$7 million for 2006 from the central government and \$15 million for 2007 from the central government and the state government would probably be budgeted not only for security improvement but also sales activities and improvement of tourist attractions. After the budgets are finalized, BTB hopes to open its office in Japan.

In the meantime, the Indonesian government has budgeted \$27 million for security enhancement, in which tourist policemen have increased by 400% in Bali. Also, Ngurah Rai Airport of Denpasar has been making efforts to strengthen security systems, such as additional security fences or training for airport security guards, in cooperation with International Civil Aviation Organization (ICAO) and U.S. Transportation Security Administration (TSA).

**JATA survey: Package tours for Asia are strongly preferred during GW*

Japan Association of Travel Agents (JATA) recently released booking status for package tours of five major travel agents (JTB, Kinki Nippon Tourist, Nippon Travel Agency, Hankyu Express International and JAL PAK) from April to June this year, reporting that the total number of bookings for May, including Golden Week, are up 4.5% as of early April compared to a year ago. Particularly bookings for Asia are largely up 21.6% compared to the same month last year, and those for Europe and Oceania are also up 9.6% and 7.6% respectively.

JATA also reported that package tours for March this year resulted in year-on-year growth in four destinations of North America (up 8.9%), Europe (up 7.0%), Hawaii (up 9.7%) and Asia (up 14.3%). Package tours for Asia have been inactive as a whole because of the aftermaths of the Tsunami disaster and the Bali bombing, however those increased by 7.6% in February and by 14.3% in March, respectively compared to a year ago.

Package tour results for China have been recovering from the downturns since the anti-Japan demonstrations in April last year, as the year-on-year reduction rates have improved from 32.3% in January to 17.2% in March.

<Package tour booking status as of early April (compared to a year ago)>

North America = down 21.5% in April, down 7.5% in May, down 2.2% in June

Hawaii = down 3.2% in April, down 7.9% in May, down 15.1% in June

Guam/Saipan = down 10.6% in April, down 1.9% in May, down 8.2% in June

Europe = down 4.1% in April, up 9.6% in May, down 3.5% in June

Oceania = down 12.1% in April, up 7.6% in May, up 10.2% in June

Asia = down 10.2% in April, up 21.6% in May, down 1.7% in June

China = down 30.4% in April, down 5.3% in May, down 22.4% in June

In total = down 8.7% in April, down 4.5% in May, down 5.7% in June

<Package tour results (compared to a year ago)>

North America = down 8.2% in January, down 12.2% in February, up 8.9% in March

Hawaii = down 6.5% in January, down 6.3% in February, up 9.7% in March

Guam/Saipan = down 0.9% in January, down 0.3% in February, down 2.8% in March

Europe = down 4.6% in January, up 5.1% in February, up 7.0% in March

Oceania = down 2.2% in January, down 8.5% in February, down 4.2% in March

Asia = down 12.2% in January, up 7.6% in February, up 14.3% in March

China = down 32.7% in January, down 33.3% in February, down 17.2% in March

In total = down 9.1% in January, down 2.7% in February, up 5.7% in March

**Turkish Airlines to extend code share flights with JAL*

Akif Konar, Turkish Airlines (THY) Regional Director, America & Far East, revealed at a news conference on April 19 in Tokyo that the airline is discussing JAL to extend code-share flight agreements, including domestic flights in Japan and Istanbul-Kansai International Airport (KIX) flights that will restart on June 15 this year. Both airlines today tie up for code share flights on THY's operating Istanbul-Narita flights. Konar said, "I visited Japan this time to discuss extension of code share agreements with JAL. We will soon reach a new agreement."

Also, Konar mentioned restarted Istanbul-KIX flights, "Turkish economy is now better than when we suspended the flights. I expect that the flights will encourage more Japanese tourists to visit our country." The annual number of Japanese visitors to Turkey is approximately 110,000 on average. Konar emphasized that the market has a potentiality to double the current number.

THY aims at load factor of 78% to 80% on Istanbul-KIX flights, which is almost same as load factor on its Istanbul-Narita flights. "This year we hope to carry 75% more passengers on flights between Istanbul and Japan than last year," Konar added.

In addition, Konar appealed a hub function of Istanbul Airport, saying that it is possible to increase transfer passengers from Japan beyond Istanbul. "Istanbul is a gateway not only for Middle East or North Africa but also Europe or CIS. It is possible to fly into 55 countries within three flight hours," he said. The Istanbul-KIX flights will particularly be easy to be connected to other international flights beyond Istanbul because those arrive at Istanbul early morning. Konar also highlighted that THY flies into nine cities of Germany, where the World Cup Soccer will be hosted this June.

THY is renewing its fleet, planning to increase from 90 aircraft today to 135 aircraft by 2010. It will open new 24 international routes this year, including the KIX route.

**JAL marked booking rate of 73.9% on its international flights during GW*

JAL Group released the booking status for this coming Golden Week (April 28 to May 7 2006) on April 21, reporting that the booking rate on international flights (JAL and JAL Ways) has reached 73.9% with a total of 181,374 bookings, 5.5% more than a year ago. While JAL has decreased available seats for the GW period by 11.2% to 245,496 over the same period last year, it has increased bookings.

The busiest days for departures will be April 29 and May 3. Thanks to better holiday sequence this year, JAL has increased bookings for mainland U.S. (up 21%), Southeast Asia (up 12%), Korea (up 17%) and China (up 48%). Although bookings for Honolulu and Europe are smaller than a year ago because of reduction of available seats, JAL has kept high booking rates for those destinations as well.

Bookings and booking rates by destination are as follows:

Honolulu = 26,259 bookings, booking rate of 87.6%

Mainland U.S. = 25,503 bookings, booking rate of 87.2%

Europe = 20,536 bookings, booking rate of 84.6%

Southeast Asia = 43,278 bookings, booking rate of 71.9%

Oceania = 9,522 bookings, booking rate of 73.2%

Guam = 24,330 bookings, booking rate of 66.7%

Korea = 24,330 bookings, booking rate of 72.6%

China = 24,616 bookings, booking rate of 55.6%

Japan Asia Airways (JAA), serving Taiwan flights, has increased available seats by 11.6% to 28,605 during the GW period compared to a year ago, however the booking rate is just 52.7% with 15,061 bookings.

Providing 1,731,399 seats on its domestic flights during the GW period, JAL Group (JAL and JAL Express) has increased bookings by 1.6% to 1,133,674, which represents booking rate of 65.5%.

**ANA renews its domestic flight booking system "able"*

ANA has decided to renew "able," its booking, ticketing and boarding system for domestic flights, based on "AirCore" of Unisys for airline package software. This is an open system structure into a domestic flight booking system, which ANA will introduce for the first time among major network carriers in the world. ANA is planning to begin studying system specification in this April and introducing the new system from 2007. Completion is slated for as early as 2012.

"able" is the largest-scale booking system in Japan to connect to more than 10,000 terminals of travel companies nationwide with more than 500,000 accesses daily at maximum.

An open system structure is possibly integrated with various suppliers' software and hardware. ANA first introduced "USAS," another Unisys airline package software, in 1978 and has renewed the system at several times. However the old system lacks flexibility and is not expected to improve productivity any more. Taking advantage of high flexibility in a new open system, ANA will be able to integrate better products into the booking system.

ANA expects that introduction of the new system will enable the airline to reduce IT cost to 33 billion yen, including capital investment and maintenance expenses, from 40 billion yen for ten years. Also, the new system will benefit customers for quicker change of services.

