

Japan's Leading Tourism and Aviation Weekly

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Published every Monday by The WING Aviation Press (Koku Shimbun Sha).
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mailto:jwtw@jwing.com , http://jwing.com/e/ (English) , http://jwing.com/ (Japanese)
Subscription Rates: Overseas: One year \$ 215.00, Half year \$ 125.00
Domestic (including tax): One year 26,000 Yen, Half year 15,000 Yen

This Week Headline

*Additional 35 departure slots weekly of Narita may be allotted to JAL and ANA	1
*Fly & Drive products are emerging as a new travel model in America	1
+HIS will sell Fly & Drive package tours this autumn	2
*Foreign visitors for the first half of 2006 resulted in 8% growth	2
*NTA offers campaign products for China and Europe for the last half of FY2006	3
*JAL and ANA largely increased passengers for China this summer	4
*Both JAL and ANA slightly decreased domestic flight passengers for July	4
*Kansai increased domestic flight passengers for July	5
*ANA launched a joint venture for pilot Leasing in Hawaii	5

**Additional 35 departure slots weekly of Narita may be allotted to JAL and ANA*

The Ministry of Land, Infrastructure and Transport has decided that Narita International Airport will use unused departure slots for domestic flights for new international flights, following the new aviation agreement between Japan and China. Today Narita ensures unused departure slots for nine to ten domestic flights daily or 63 to 70 flights weekly, out of which 35 flights weekly may be allotted to Japanese carriers, according to the Ministry's discussion.

As the additional departure slots are available on the B runway that cannot operate B747 take-off and landing, those will practically be allotted to JAL and ANA, except Nippon Cargo Airlines (NCA) that operates only B747 freighters. An idea of 17 flights weekly for JAL and 18 flights weekly for ANA comes to the surface, though the Ministry says that it is not a final decision.

The Ministry has decided that new 14 departure slots weekly, out of the unused departure slots, will be allotted to Air China. Taking advantage of the new slots, Air China will add one flight a day on its Narita-Beijing route and Narita-Shanghai route respectively from October 29 this year.

In addition to the Japanese carriers and Air China, it is possible that the remaining unused departure slots will preferentially be allotted to an airline of Finland, practically Finnair, according to the Ministry's basic policy. The aviation agreement between Japan and Finland, which was signed in October 2000, permits that additional departure slots will be allotted to an airline of Finland if available after the B runway opened in April 2002.

Finnair today serves two Narita-Helsinki flights a week with MD-11. If Finnair increases its Narita flights on the B runway, it will have to change MD-11 because the aircraft does not take-off and land on the shorter B runway. The airline may change the aircraft to the latest A340-300 for its Narita flights in order to optimize the additional departure slots.

**Fly & Drive products are emerging as a new travel model in America*

Fly & Drive is drawing attentions as a new travel model in America, as Japan Association of Travel Agents (JATA) is discussing development of Fly & Drive products and is planning to define 2007 as a year of Fly & Drive. Major users of rent-a-car are FIT today, however several travel agents have begun offering package tours including rent-a-car, expect-

ing the new travel model will encourage more Japanese tourists to visit America.

For the second half of FY2006, ANA Sales offers seven Fly & Drive courses based on Los Angeles, Anaheim, San Francisco and Las Vegas in its short trip product of “Puchi Tabi,” which packages hotel and rent-a-car in advance. A customer can include the “Puchi Tabi” option in a ANA Hello Tour regular package tour after extends the original itinerary of a regular package product. ANA Sales appeals the new option with a catchphrase of “Would you like to arrange your travel with a rent-a-car?” hoping that it can give customers opportunities to enjoy driving in America easily.

ANA sales has begun offering the kind of “Puchi Tabi” since the first half of FY2006 and has renewed driving courses and product contents in concert with seasonal features for the second half of FY 2006.

When “Puchi Tabi” is combined to a five-days course in Los Angeles, for instance, the whole itinerary will be eight days and six nights. In that case, you can enjoy driving down to San Diego along the west coast after enjoying city sightseeing in Los Angeles under the regular itinerary. The combined product is easy to be accepted by customers because the it is managed and guaranteed in the same manner as a regular package tour, ANA Sales says. Also, the product includes a transportation service from a hotel to an airport after rent-a-car is returned, so ANA sales emphasizes that even beginners feel free to select “Puchi Tabi.”

Rent-a-car for “Puchi Tabi” is supported by Hertz. As a coupon for rent-a-car is handed to a customer before departure from Japan, it is easy to complete a procedure for renting a car at a local airport in America. Also, a driver can take advantage of the Japanese navigation system “Never Lost” with extra payment.

ANA Sales is offering “Puchi Tabi” in West Coast because Japanese travelers are more familiar with the destinations there than others. However, it plans to extend available courses for “Puchi Tabi” to other regions, such as interior regions or East Coast.

+HIS will sell Fly & Drive package tours this autumn

Keeping paying attention to driving travel in America, HIS has developed arranged travel product “Full Choice HIS Driving Travel In America” since 2003. HIS says that travelers who enjoy driving in America, particularly 20’s to 40’s male travelers, are certainly increasing. Each of the products can be created by individual travelers who freely combine travel parts, such as hotel, air or rent-a-car. Pamphlet for the products is practically a book for how-to-drive in America with information necessary for driving America.

In “Full Choice HIS Driving Travel In America” for this summer, HIS recommends two days course from Los Angeles to San Diego, three days course from Los Angeles to San Francisco, one day course for Orlando, Florida, and two days course from Miami to Key West, introducing sightseeing spots and hotels around each of the destinations.

In addition to the arranged travel product, HIS will begin selling Fly & Drive package tours that can easily be accepted by beginners in this autumn.

**Foreign visitors for the first half of 2006 resulted in 8% growth*

Japan National Tourist Organization (JNTO) recently reported that the number of foreign visitors to Japan for the first six months of 2006 (January to June 2006) was up 8.1% to 3,522,718 over the same period last year. To achieve 7.5 million foreign visitors for 2006, which is a target set by the Minister of Land, Infrastructure and Transport, 11.5% growth will be required for the rest of this year.

Among major countries, visitors from Korea increased by 20.5% to 993,056 compared to a year ago. It is certain that the annual number will be over 2 million. Visitors from China also resulted in 27.7% increase to 385,000 for the first six months of 2006, growing for 14 consecutive months from May last year to June this year regardless of the anti-Japan demonstrations in April last year.

The summit meeting by tourism ministers of Japan, Korea and China, which was held in Hokkaido in July this year, agreed that the scale of tourism exchanges among three countries increase from 12 million approximately for 2005 to more than 17 million for 2010. The annual result for 2005 was broken down into 4.04 million between Japan and China (3.99 Japanese visitors to China and 650,00 Chinese visitors to Japan), 4.19 million between Japan and Korea (2.44 Japanese visitors to Korea and 1.75 million Korean visitors to Japan) and 4.26 million between China and Korea (3.55 Korean visitors to China and 710,000 Chinese visitors to Korea).

The annual number for 2005 was up 47.7% compared to 2000. To achieve the goal of 17 million for 2010, 36.1% more tourist exchanges than 2005 will be required.

The followings are results of visitors from other countries (compared to the first half of 2005):

Taiwan = 645,990 (up 4.4%)
 Hong Kong = 174,840 (up 25.5%)
 Thailand = 67,486 (up 5.0%)
 Singapore = 50,159 (up 16.5%)
 Australia = 95,591 (down 7.1%)
 U.S. = 410,573 (down 3.1%)
 Canada = 73,978 (down 0.1%)
 U.K. = 105,051 (down 4.4%)
 Germany = 55,874 (down 2.2%)
 France = 56,671 (up 3.2%)

**NTA offers campaign products for China and Europe for the last half of FY2006*

Nippon Travel Agency (NTA) announced on August 16 outline of its overseas travel package product "Mach" and "Best Tour" for the second half of FY2006 (October 2006 to March 2007), offering products to meet seasonal market needs. NTA will sell autumn campaign products for China and Europe and "Big Appreciation" products in early September this year, following the special monthly products celebrating the 100th anniversary in September last year.

For the autumn campaign, NTA will increase products for Central and Eastern Europe, for which the detailed contents will be announced in early September this year. Also celebrating the 2nd anniversary of launch of NTA International Travel Agency (NTA China), NTA will offer hiking products in the World Heritages in China, such as Jiuzhaigou Valley, Mount Huangshan (Yellow Mountain), Mount Wuyi or Wulingyuan Scenic and Historic Interest Area.

"Big Appreciation" products have a common concept of "reasonable prices for good tourist attractions." This year, NTA will offer 25% more courses for "Big Appreciation" products than a year earlier.

At the same time, NTA will strengthen products to meet customers' curiosities with keywords of "Exchange," "Experience (Learning)" and "Seasonality (Festival, Event or Seasonal attractions)" in the same manner as the first half of FY2006. Product examples are business class flight for Egypt, Christmas days in Europe, touring four spring carnivals in Europe (Venice, Viareggio, Menton, Nice), welcoming New Year Day at The Great Wall in China or combining Niagara Falls and Yellowknife for observation of Aurora.

NTA aims at 220,000 customers for its overseas travel package tours for the second half of FY2006, 5% more than a year earlier. For the first half of FY2006, NTA estimates to increase overseas package tour customers by 7% to 222,000 compared to a year earlier.

The followings are estimations for the first half of FY2006 and goals for the second half of FY2006 by destination:

<Estimations for the first half of FY2006>

Hawaii = 27,000 (up 1%)
 Micronesia = 19,000 (up 7%)
 America = 17,000 (down 10%)
 Asia = 81,000 (up 19%)
 Oceania = 15,000 (down 8%)
 China = 10,000 (up 32%)
 Europe = 53,000 (up 2%)
 Total = 222,000 (up 7%)

<Goals for the second half of FY2006>

Hawaii = 24,000 (up 2%)
 Micronesia = 18,000 (up 3%)
 America = 14,000 (up 1%)
 Asia = 81,000 (up 3%)
 Oceania = 19,000 (up 1%)
 China = 14,000 (up 47%)
 Europe = 50,000 (up 3%)
 Total = 220,000 (up 5%)

**JAL and ANA largely increased passengers for China this summer*

JAL Group recently reported that it carried 459,059 passengers on its international flights during this summer vacation season (August 11 to 20), 1.0% smaller than a year earlier. While JAL Group reduced a large number of passengers for Guam/Saipan, Honolulu and Europe as a result of the restructuring of the international flight network, it succeeded in 15% increase of passengers for transpacific destinations and 38% increase of passengers for China.

The followings are international passenger results by route:

Honolulu = 55,571 (down 11.4%), load factor of 91.7%
 Transpacific = 53,813 (up 14.5%), load factor of 89.6%
 Europe = 45,140 (down 11.5%), load factor of 88.1%
 Southeast Asia = 1,101,427 (up 1.4%), load factor of 81.6%
 Oceania = 22,306 (down 9.3%), load factor of 84.8%
 Guam/Saipan = 12,880 (down 41.7%), load factor of 93.2%
 Korea = 59,357 (down 0.2%), load factor of 88.2%
 China = 61,733 (up 38.3%), load factor of 68.9%

Japan Asia Airways (JAA) carried 42,832 passengers on its Taiwan flights, 9% more than a year earlier, and the load factor was 75%.

During the same period, JAL Group carried a total of 1,464,873 passengers on domestic flights, 2.4% more than a year earlier. The load factor during the period was 72.3%.

The followings are domestic passenger results by Group airline:

Japan Transocean Air = 97,984 (up 5%), load factor of 74%
 Ryukyu Air Commuter = 7,854 (up 7%), load factor of 77%
 Japan Air Commuter = 54,498 (up 0.8%), load factor of 72%
 Hokkaido Air System = 4,360 (down 11%), load factor of 64%

ANA carried 142,706 passengers on its international flights during this summer vacation season (August 11 to 20), 9.4% more than a year earlier, particularly boosted by growth of passengers for China.

The followings are passenger results by route:

North America = 18,234 (up 3.1%), load factor of 92.3%
 Europe = 16,354 (up 6.7%), load factor of 91.2%
 China = 43,193 (up 105.4%), load factor of 75.0%
 Asia = 44,625 (up 12.3%), load factor of 88.6%
 Resorts = 10,366 (down 14.4%), load factor of 90.9%

The number of domestic flight passengers was 0.6% to 1,523,255 during the same period compared to a year earlier. The load factor was 73%, almost the same level as a year earlier.

**Both JAL and ANA slightly decreased domestic flight passengers for July*

The Ministry of Land, Infrastructure and Transport recently reported that nine airlines carried a total of 8,024,452 domestic flight passengers for July this year, 0.5% more than a year earlier, providing a total of 13,111,927 seats, 2.3% more than a year earlier. The monthly load factor was 62.1%.

The number of domestic flight passengers carried by JAL and ANA for July this year was down 2.4% to 6,931,044 on 11,289,937 seats mainly because both airlines were influenced by negative rebound from the passenger growths during the Aichi Expo a year ago.

The monthly total was broken down into 3,192,725 passengers on trunk routes, 3.1% smaller than a year ago, and 4,831,727 passengers on local routes, 3.0% more than a year ago. The monthly load factors were respectively 64.5% on trunk routes and 60.3% on local routes.

The difference of carried domestic passengers between JAL and ANA shrunk to 624,040 in July from 655,448 in June, although the difference was still large.

The followings are monthly domestic passenger results by airline:

JAL = 3,153,502 (down 2.9%), comprising 1,402,922 on trunk routes (down 6.5%) and 1,750,580 on local routes (up 0.2%)

ANA = 3,777,524 (down 2%), comprising 1,432,106 on trunk routes (down 4.3%) and 2,315,436 on local routes (down 0.5%)

Japan Transocean Air = 220,951 (down 2.8%), comprising 16,506 on trunk routes (down 9.6%) and 204,445 on local routes (down 2.2%)

Japan Air Commuter= 125,522 on local routes only (up 4.7%)

JAL Express = 146,825 on local routes only (up 54.2%)

Skymark Airlines = 241,422 (up 18.5%), comprising 186,751 on trunk routes (up 32.5%) and 54,671 on local routes (down 23%)

Hokkaido International Airlines = 209,510 (up 21.5%), comprising 124,440 (up 14.1%) and 85,070 on local routes (up 34.4%)

Skynet Asia Airways = 93,394 on local routes only (up 43.9%)

Star Flyer = 55,784 on a local route only

**Kansai increased domestic flight passengers for July*

Kansai International Airport reported on August 14 that it handled 1,431,380 passengers in total for July this year, 1% more than the same month last year. The monthly total was broken down into 973,900 international flight passengers, almost the same level as a year ago, and 457,480 domestic flight passengers, 4% more than a year ago.

The number of aircraft movements was up 2% to 9,983 for July this year compared to a year ago, broken down into 6,289 for international flights, 1% more than a year ago, and 3,694 for domestic flights, 3% more than a year ago. The monthly aircraft movements for international flights consisted of 5,088 for passenger flights (up 1%), 1,116 for cargo flights (up 2%) and 85 for others (down 17%).

**ANA launched a joint venture for pilot Leasing in Hawaii*

ANA announced on August 17 that ANA, trading company Sojitz and Hawaii Aviation Contract Services (HACS) has jointly launched Crew Resources Worldwide L.L.C. (CRew), a joint venture for pilot leasing, in Hawaii. The capital investment for the new venture is \$1 million invested 34% by HACS and 33% by ANA and by Sojitz each, and former HACS president Frank Tabata took office as president of CRew.

HACS has already dispatched pilots to Air Japan and Air Nippon Network, both of which are ANA Group members. Pilot resources of the new venture company come from HACS. CRew aims to lease more than 400 pilots to airlines worldwide including ANA by 2010. It has signed a contract with Alteon, the 100% subsidiary of Boeing, to be given supports on crew training, which are expected to reduce training terms for acquisition of licenses necessary for operation in Japan.

ANA Group forecasts that about 400 baby boomer generation pilots will retire by 2010 and also that it will need more crews for its network expansion after the Haneda Airport re-expansion program completes in 2009. ANA expects to secure cockpit crews stably through the new venture company, although ANA explains that CRew will not be only a pilot source for ANA.

**ANA will serve a new Narita feeder service from Naha*

ANA officially announced on August 22 that it will begin serving a new ANA Connection flight service between Naha and Narita International Airport on November 1 this year. Operating 136 seats B737-700 for one return flight service daily, ANA aims at load factor of 60% to 70%. This is the 8th ANA Connection flight for Narita, following Itami (Osaka), Sapporo, Sendai, Komatsu, Central Japan International, Hiroshima and Fukuoka. The new service flight arrives at Narita at 13:55, the time convenient to transfer to international flights particularly for North America in the evening.