

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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Subscription Rates: Overseas: One year \$ 215.00, Half year \$ 125.00
Domestic (including tax): One year 26,000 Yen, Half year 15,000 Yen

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****Japan, China and Korea together try to create tourism Big Bang***

Japan, China and Korea decided to develop tourism exchanges jointly through "Japan, China and Korea Tourism Big Bang" efforts on July 2 this year, when tourism ministers of the three countries met in Akan, Hokkaido for the first time. The agreement calls for increase of tourist exchanges among the three countries from about 12 million for 2005 to more than 17 million for 2010. Kazuo Kitagawa, Minister of Land, Infrastructure and Transport of Japan, said, "It is a minimum target. I hope to achieve tourist exchanges of more than 20 million before 2010."



A total of 12.48 million travelers exchanged among Japan, China and Korea for 2005: 4.04 million travelers between Japan and China (3.99 million to China and 650,000 to Japan), 4.19 million travelers between Japan and Korea (2.44 million to Korea and 1.75 million to Japan) and 4.26 million travelers between China and Korea (3.55 million to China and 710,000 to Korea). The total number of travelers for 2005 was 47.7% more than five years ago, and the target of 17 million travelers for 2010 is 36.1% more than 12.48 million travelers for 2005.

One of the important efforts to achieve the target is to increase Chinese travelers to Japan and Korea, as Chinese overseas travelers reached 31 million for 2005.

The three tourism ministers shared the common recognition that it is crucial for Japan, China and Korea to deepen partnerships in every aspect for the future stability, peace and prosperity in East Asia. After they discussed the future cooperation in the first meeting, they adopted Hokkaido Declaration for "Tourism Big Bang."

Hokkaido Declaration includes a keynote that Japan, China and Korea will jointly promote cooperation for a variety of tourism or cultural exchange programs among local governments in each of the three countries. According to Tourism Big Bang efforts, the three countries will offer a variety of tourism events this year, such as Asia Tourism Big Bang

Countdown event in Osaka in August, Japan, China and Korea Traditional Performing Arts event in Sapporo in September, a large-scale business forum at China International Travel Mart in Shanghai in November or “Japan, China Korea Tourism Forum” in Cheju in December.

Also, the three countries will work together to attract tourists from the world to East Asia, developing joint travel products touring the three countries on the occasions of World Championships in Athletics in Osaka in August next year, Olympics in Beijing in 2008 or Shanghai Expo in 2010, for instance. In addition, Japan, China and Korea will start joint marketing efforts for cruise travels within the region.

The next tourism ministers’ meeting will be hosted by China in Qingdao and Dalian next summer.

+Three tourism ministers each show their enthusiasms for the future cooperation

Kazuo Kitagawa said at a news conference after the summit meeting, “Japan, China and Korea have historic and cultural ties and today deepen economic partnerships. It is essential for the three countries to make stronger partnerships for great tourism exchanges in the future. Japan will make every effort to expand tourism exchanges, particularly exchange programs for younger generations or sister cities.”

Shao Qiwei, Director of the China National Tourism Administration, said, “With Hokkaido Declaration, we open a new page for tourism exchanges among China, Japan and Korea. As the three nations have population of 1.5 billion in total, I believe we have high potentiality for tourism exchanges. I expect that each of us can have high synergy effects through joint efforts.”

Kim Myung-Gon, Minister of Culture and Tourism of Korea, said, “The first meeting was very significant in the sense that we can draw a blueprint for the future tourism exchanges among the three countries. I believe tourism exchanges will grow with healthy competition and cooperation. I expect that Korea, Japan and China each will build a cornerstone to become a tourism developed country.”

+Private tourism sectors also step forward for expansion of tourism exchanges

In time with the ministers meeting, the first Japan, China Korea Private Tourism Meeting was held in Asahikawa, Hokkaido, joined by about 80 members from the private tourism sectors of the three countries. The meeting adopted a joint statement that the related private tourism sectors will strengthen partnerships toward the target of 17 million travelers among the three countries. In link with the summit meeting by the tourism ministers, the private tourism meeting will be held every year.

The following tourism sectors joined the meeting:

Japan Association of Travel Agents (JATA)
 All Nippon Travel Agents Association (ANTA)
 Japan National Tourist Organization (JNTO)
 China Tourism Association (CTA)
 China Association of Travel Services (CATS)
 Korea Association of Travel Agents (KATA)
 Korea National Tourism Organization (KTO)

***JAL ties up with JTB for overseas charter flight products**

JAL Group and JTB Group, the leading travel company of Japan, announced on July 5 that the pair has signed a basic agreement on business tie-ups, including joint planning of overseas charter flight products, joint development of JTB and JAL PAK package products and partnerships in arranging trips for foreign visitors to Japan. Regarding joint planning of charter flights, JTB World Vacations, a travel wholesale company of JTB Group, and JAL PAK, a travel wholesale company of JAL Group, will jointly make travel products for more than 100 charter flights available nationwide.

It is predicted that the partnerships between leading companies of the airline and the travel industries may provoke a backlash from other companies in both industries. However, JAL says that it will maintain partnerships with other travel companies as before, and JTB explains that the business tie-ups with JAL Group will be limited to the business fields of overseas travel and foreigner-inbound travel.

Both companies will offer joint charter products in the second half of FY2006, particularly focusing on resort destinations, such as Hawaii, and cities of Southeast Asia with no direct scheduled flights from Japan from airports nationwide. After FY2007, they will extend destinations for the products to Europe, Oceania or new resorts in order to create more than 30,000 new overseas tourists annually.

JAL served a total of 727 charter flights on a one-way basis for FY2005. According to the business tie-ups with JTB, JAL expects to add more than 100 charter flights. JTB sold travel products with 860 charter flights for FY2005, of which JAL charter flights accounted for 40%.

With regard to joint development of LOOK JTB and JAL PAK's I'll and AVA package tour, JTB World Vacations and JAL PAK will jointly develop local bus operations, optional tours and experience programs. Also, both travel companies will discuss creation of high quality products chartering tourist trains in Australia.

JAL Sales' ground arrangement operations for customers from traveling to Japan from Europe will be transferred to JTB's global operating company, JTB Global Marketing & Travel by April 2007. As a result, the JTB Group will expand their business operations for inbound travel from Europe.

JALPAK's overseas offices in Europe will introduce an English online sales system of JTB for arranging accommodation and tours in order to build a flexible and highly competitive system for arranging and selling tours without having to wait due to time differences between Europe and Japan.

To increase sales of air tickets, the JAL Group will promote JAL for international conferences, events and corporate incentives, for the MICE (Meeting, Incentive, Congress & Exhibition *) market, in coordination with JTB Global Marketing & Travel's MICE business division.

**JTB forecasts 5% more Japanese tourists will go abroad this summer*

JTB released results of the travel movement survey during this summer vacation season (July 15 to August 31) on July 4, reporting that the number of Japanese overseas travelers is expected to be up 5.0% to 2.51 million over the same period last year. Also, the number of domestic travelers may reach 75.35 million for the period, 2.3% more than a year earlier, and the total combined overseas and domestic travelers is expected to increase by 2.4% to 77.86 million compared to a year earlier.

JTB forecasts that average spending will be 222,500 yen per overseas traveler, 3.7% more than a year ago, and 35,800 yen per domestic traveler, 1.4% more than a year ago. Travel consumption will amount to 558.5 billion yen for overseas travels, 8.9% more than a year ago, and 2,697.5 billion yen for domestic travels, 3.8% more than a year ago, totaling 3,256 billion yen. The total travel consumption will stand at a record high.

Estimated travelers by overseas destination are as follows:

China = 343,000 (up 12.1%)
 Taiwan = 120,000 (down 4.1%)
 Hong Kong = 96,000 (up 9.1%)
 Korea = 335,000 (up 10.9%)
 Thailand = 128,000 (up 6.7%)
 Singapore = 65,000 (up 4.8%)
 Indonesia = 70,000 (down 15.7%)
 Malaysia = 29,000 (up 7.4%)
 Others = 110,000 (up 4.8%)
 Asia in total = 1,296,000 (up 6.4%)

Hawaii = 223,000 (up 1.4%)
 Guam/Saipan = 182,000 (up 4.6%)
 Mainland U.S. = 226,000 (up 0.9%)
 Canada = 54,000 (up 1.9%)
 Others = 9,000 (up 12.5%)
 North America in total = 694,000 (up 2.2%)

Europe in total = 361,000 (up 6.2%)

Australia = 94,000 (up 2.2%)
 News Zealand = 19,000 (down 5.0%)
 South Pacific = 16,000 (up 6.7%)
 Oceania and Pacific in total = 129,000 (up 1.6%)

Others in total = 30,000 (up 15.4%)

**HIS has received 20% more bookings this summer*

HIS recently reported that the travel agent has received 20% more bookings of travel products for this summer vacation season (July 1 to September 30) as of June 30, compared to a year ago. Bookings of family travels particularly have marked 30% increase so far, according to HIS. Among overseas destinations, Asian cities and Europe are preferred.

Booking ranking by destination is as follows:

1. Honolulu (3rd last summer)
2. Guam (2nd last summer)
3. Seoul (1st last summer)
4. Bangkok (4th last summer)
5. Bali (8th last summer)
6. Saipan (9th last summer)
7. Taipei (6th last summer)
8. Hong Kong (5th last summer)
9. London (13th last summer)
10. Paris (15th last summer)

**Yahoo! Travel has doubled bookings this summer*

Yahoo! Travel recently reported that it has doubled bookings for this summer vacation season (July 20 to September 30), compared to a year earlier, especially recording 290% increase of bookings for Asia, 70% increase of bookings for Hawaii or 57% increase of bookings for Europe. It is noteworthy that earlier bookings have increased this summer, according to Yahoo! Travel.

Booking ranking by overseas destination is as follows:

1. Asia (up 290%)
2. Hawaii (up 70%)
3. China (no selling last summer)
4. Europe (up 57%)
5. Guam/Saipan (even)
6. Canada (up 13%)
7. America (up 80%)
8. Oceania (up 40%)
9. Middle East/Africa (even)
10. South Pacific (even)

**JAL expects to raise capital of 200 billion yen*

JAL announced on June 30 that it will conduct capital increase through public offering of 700 million stocks in the middle of July this year, by which JAL expects to raise capital of 200 billion yen approximately, though it depends on a market price at that time. JAL hopes to use additional capital for purchase of new aircraft, as part of 750 billion yen investments required for the next five years under the midterm corporate plan.

JAL issued a total of 1,982,383,250 stocks as of March 31 this year. The capital increase by public offering will be conducted for institutional investors, controlled by Mizuho Securities and Goldman Sachs. Half of the 700 million stocks will be issued overseas. An application term is three days from July 24 to 26 this year.

This is the first capital increase through public offering for JAL since former JAS (Japan Air Commuter) raised capital of 683 million yen approximately in 1989.

**Narita 1st PTB enjoys increasing sales from retail shops*

Narita International Airport Co. (NAA) recently reported that the 1st passenger terminal building (PTB) resulted in sales of 111 million yen a day on average for the period from June 2, when the new South Wing opened, to June 25 this year. The sales was 95% more than a year earlier, and the growth rate was higher than 75% increase of passengers in the 1st PTB.

On the other hand, the 2nd PTB resulted in 29% decrease of passengers and 22% decrease of sales from retail shops to 102 million yen a day on average for the same period compared to a year earlier.

The South Wing of the 1st PTB resulted in sales of 50 million yen a day on average, out of which 43 million yen came from Narita Nakamise, a new shopping area. NAA explained that the result was about 10% more than originally expected.

Since major Star Alliance members, including ANA, moved to the 1st PTB, the ratio of passengers between the 1st PTB and the 2nd PTB has been 53% to 47%, changing from previously 35% to 65%. Accordingly, almost all flights can use boarding bridges in the 2nd PTB. JAL, using the 2nd PTB, said that it has raised on-time departure rate from 80% approximately to 89.7% on average for the period from June 2 to 15.

NAA said that open of the South Wing in the 1st PTB has contributed to improvement of passenger conveniences overall in the airport.

**Narita estimates to handle 2.4% more passengers during summer vacation*

Narita International Airport Co. (NAA) recently reported that the number of departures from the airport during this summer vacation season (July 14 to August 31) is estimated to increase by 2.4% to 1,983,800 compared to a year earlier. The estimation is broken down into 1,003,600 departures from the 1st passenger terminal, 67.7% more than a year earlier, and 980,200 departures from the 2nd passenger terminal, 26.8% smaller than a year earlier.

Also, NAA expects that the number of arrivals during the period may reach 1,944,100, 3.4% more than a year earlier, which are divided into 988,400 arrivals at the 1st passenger terminal, 70.2% more than a year earlier, and 955,700 arrivals at the 2nd passenger terminal, 26.5% smaller than a year earlier.

The total number of passengers during the period is estimated to be up 2.9% to 3,927,900 compared to a year earlier.

The busiest day for departures will be August 12 with 52,400, followed by August 14 with 51,100 and August 20 with 49,500. The busiest day for arrivals will be August 20 with 58,600, followed by August 19 with 50,711 and August 27 with 47,685.

NAA forecasts that the airport will handle more passengers for China particularly due to positive rebound from the aftermaths of the anti-Japan demonstrations a year ago.

**Transport Minister says: "The Narita runway project must be completed in FY2009"*

Kazuo Kitagawa Minister of Land, Infrastructure and Transport said at a news conference on June 30 this year, "We must begin using the extended 2nd runway of Narita Airport within FY2009 as originally planned, although we still try to explain the northward extension of the 2nd runway to local residents. We place it the most important issue."

He also mentioned roles of Haneda Airport and Narita Airport after the fourth runway of Haneda opens in FY2009: "We do not change our basic stance to position Narita as the largest international airport of Japan and Haneda as a domestic airport to meet increasing air passenger demand." He added, however, "I think air traffics among East Asian countries should be treated as quasi-domestic markets in the future. In this sense, it is important that Haneda will partially be an international gateway particularly for East Asian countries."

*JAL air transport result for May 2006

INTERNATIONAL FLIGHT (JAL, JAS, JAA, JAL Ways)

Passengers = 1,051,384 (95.8%)
RPK = 5,078,199 thousand passenger kilometers (95.6%)
ASK = 7,476,689 thousand seat kilometers (88.1%)
Load factor = 67.9%

<Results by destination>

Trans-Pacific routes

Passengers =268,918 (92.3%)
RPK =2,110,186 thousand passenger kilometers (94.3%)
ASK =2,771,634 thousand seat kilometers (95.6%)
Load factor =76.1%

Europe routes

Passengers = 116,665 (99.2%)
RPK = 1,084,502 thousand passenger kilometers (99.3%)
ASK = 1,414,766 thousand seat kilometers (79.5%)
Load factor = 76.7%

Southeast Asia routes

Passengers = 307,400 (92.0%)
RPK =1,029,899 thousand passenger kilometers (93.9%)
ASK =1,813,996 thousand seat kilometers (84.5%)
Load factor = 56.8%

Oceania routes

Passengers = 50,555 (99.7%)
RPK =348,152 thousand passenger kilometers (98.2%)
ASK = 601,022 thousand seat kilometers (92.5%)
Load factor = 57.9%

Guam

Passengers =38,533 (46.3%)
RPK = 97,797 thousand passenger kilometers (47.3%)
ASK = 157,995 thousand seat kilometers (51.9%)
Load factor = 61.9%

Korea routes

Passengers = 128,013 (110.5%)
RPK = 133,924 thousand passenger kilometers (112.7%)
ASK = 211,300 thousand seat kilometers (106.1%)
Load factor = 63.4%

China routes

Passengers = 144,300 (133.6%)
RPK = 273,738 thousand passenger kilometers (134.1%)
ASK = 505,976 thousand seat kilometers (100.1%)
Load factor = 54.1%

DOMESTIC FLIGHT (JAL, JAS, JTA, JEX, J-Air, JAC, HAC, RAC)

Passengers = 3,616,793 (99.4%)
RPK = 2,684,655 thousand passenger kilometers (99.8%)
ASK =4,375,082 thousand seat kilometers (100.3%)
Load factor =61.4%