

**Japan's Leading Tourism and Aviation Weekly**

Under Copyright Law Reproduction of Publication Strictly  
Prohibited Without consent of Publisher

Published every Monday by The WING Aviation Press (Koku Shimbun Sha).  
San-Miyanaga Building, 5-12 Moto-Akasaka 1-chome, Minato-ku, Tokyo 107-0051, Japan  
Phone: 81-3-3796-6646, Fax: 81-3-3796-6645  
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***

*AAL to cut ticketing commission to travel agents of Japan .....	1
*HIS resulted in 12.9% increase of consolidated midterm sales for FY2006 .....	1
*Ambassador Schieffer highlights America is a safe and exciting tourist destination .....	2
*GVB will start the second tie-up campaign with JCB .....	3
*Shandong Airlines plans to fly into Kansai .....	3
*Kansai plans to separate two runways for departures and arrivals .....	3
*Kansai resulted in 5% increase of international passengers for May .....	3
*JAL reduced reduction rate of domestic passengers in May .....	4
*Yuhi Airlines will start serving Narita Heli Express from Tokyo .....	4

***\*AAL to cut ticketing commission to travel agents of Japan***

American Airlines (AAL) has decided to cut ticketing commission to travel agents of Japan from 7% today to 5% after October 1 this year, following Northwest Airlines (NWA) that has already announced the same decision on June 1 this year. The decision by NWA and AAL will probably influence JAL and ANA as well as other U.S. carriers.

JAL said that it has studied how it can deal with ticketing commission under the current circumstance of airline business. However JAL dose not decide a particular action on commission cut.

***\*HIS resulted in 12.9% increase of consolidated midterm sales for FY2006***

HIS released its consolidated midterm financial result for FY2006 (November 2005 to April 2006) on June 19 this year, reporting it increased sales by 12.9% to 148,020 million yen over the same period in the last fiscal year. Sales cost was also up 13.8% to 125,268 million yen, and gross profit on sales was accordingly up 8.1% to 22,752 million yen, compared to a year ago.

Operating expenses was up 4.6% to 20,066 million yen, and operating profit and recurring profit increased by 45.5% to 2,685 million yen and by 23.8% to 2,973 million yen respectively compared to a year ago. However, HIS reduced midterm net profit for FY2006 by 32.3% to 1,741 million yen over the same period a year ago because of rebound from special profit of 1,474 million yen as gain on sale of fixed assets in the last midterm.

The total sales was broken down into 147,145 million yen from the travel business, 12.8% more than a year ago, and 883 million yen from the hotel business, 37.6% more than a year ago. Midterm operating profits were 3,663 million yen for the travel business, 23.3% more than a year ago, and 163 million yen for the hotel business, 177.8% more than a year ago.

For full year of FY2006, HIS estimates sales at 336,000 million yen (up 15.6%), recurring profit at 8,250 million yen (up

27.3%) and net profit at 4,400 million yen (down 30.6%).

HIS will strengthen its overseas business section by expanding its overseas offices up to 100 for the next few years and building up its original network to improve local support systems and upgrade product qualities.

Non-consolidated midterm financial results are as follows:

Sales = 125,125 million yen (up 13.2%)

Operating profit = 1,666 million yen (up 18%)

Recurring profit = 1,917 million yen (up 16.9%)

Net profit = 1,085 million yen (improving from net loss of 1,585 million yen a year ago)

Followings are sales and customers by destination:

North America = 15,655 million yen (up 11.4%), 119,341 customers (up 2.0%)

Europe = 19,242 million yen (up 13.5%), 115,268 customers (up 6.6%)

Asia = 48,639 million yen (up 18.6%), 630,278 customers (up 17.1%)

Oceania = 7,900 million yen (up 4.6%), 50,929 customers (down 0.8%)

Hawaii/Guam/Saipan = 22,047 million yen (up 10.9%), 200,286 customers (down 1.2%)

Others = 4,482 million yen (up 3.6%), 20,728 customers (down 30.0%)

In total = 117,967 million yen (up 13.6%), 1,136,830 customers (up 8.6%)

### *\*Ambassador Schieffer highlights America is a safe and exciting tourist destination*

Celebrating launch of the U.S. tourism promotion campaign for the Japanese market, U.S. Ambassador to Japan John Thomas Schieffer hosted a reception at the ambassador's residence on June 21, joined by Deputy Assistant Secretary Ana Guevara from the U.S. Department of Commerce, the Minister Kazuo Kitagawa, Deputy Vice-Minister for Tourism Policy Kosuke Shibata and Assistant Vice-Minister Minister's Secretariat Tamae Onishi from the Ministry of Land, Infrastructure and Transport and Japan Association of Travel Agents (JATA) Chairman Koji Shinmachi.

Ambassador Schieffer made an opening remark with an episode on the beginning of baseball exchanges between Japan and America when the U.S. baseball team including Babe Ruth and Lou Gehrig visited Japan for the first time. At that time, Gehrig was presented a Japanese-made glove by the Japan team, and the MIZUNO glove was the first Japanese baseball equipment in the Major League baseball, according to Schieffer.

Schieffer said, "I hope that a lot of Japanese will visit National Baseball Hall of Fame and Museum in Cooperstown. Also I hope more Japanese tourists will visit America to see Major League baseball games."

"This promotional campaign focuses on American films, and I believe it will be accepted by Japanese. Through the campaign, I think Japanese who have visited America many times or those who have never visited America can understand America is a safe and exciting tourist destination," Schieffer added.

On June 20, famous American actor Tom Cruise, who visited Japan for Japan Premium for the latest film M:I:III, made a courtesy call on Minister Kitagawa, who appreciated his sending Japan's charms to the world through Last Samurai. Kitagawa proposed it to Deputy Assistant Secretary Ana Guevara that Tom Cruise can become a civil ambassador for the tourism exchanges between Japan and America.

Kitagawa said, "I saw a lot of American films. I believe many Japanese want to visit America, inspired by American films. This promotional campaign must succeed."

Guevara said, "I expect that the promotional campaign will encourage more Japanese tourists to visit America and extend tourism exchanges or friendships between America and Japan."

The tourism promotional campaign will start in late June this year, developing advertising campaigns on TV or at stations and tie-up campaigns with media provider TSUTAYA and MITSUKOSHI department store.

### *\*GVB will start the second tie-up campaign with JCB*

Guam Visitors Bureau (GVB) will develop "True Guam Campaign Part 2" in cooperation with JCB and JCB International for seven months from July 1 this year to the end of January next year. The part 1 campaign, which was carried out from late 2005 to the end of May this year, resulted in a big success with about 6,500 additional JCB card users in Guam and about 500 million yen more sales from JCB cards than the same period a year earlier.

The part 2 campaign will be carried out, sponsored by three Japanese companies and nine commercial facilities in Guam. By providing JCB cardholders with a variety of privileges, JCB will encourage them to use the cards in Guam with a target of about 700 million yen more sales than a year earlier.

When a JCB card user brings a card receipt to the JCB customer service counter in DFS Galleria Guam, he or she can have a chance of a drawing at one time by card spending of \$200. A total of 13,391 winners can get a variety of prizes, including a Guam travel equivalent to 100,000 yen for 50 winners, which will be presented by Continental Airlines.

Sponsors for the campaign are Continental Airlines, Marriott International, Travelex Japan, DFS Galleria Guam, Guam Premium Outlet, Micronesia Mall, Tumon Sands Plaza, Hard Rock Cafe, Planet Hollywood, T.G.I. Fridays, Sand Castle and Alupang Beach Club.

### *\*Shandong Airlines plans to fly into Kansai*

It recently turned out that Shandong Airlines of China plans to serve scheduled flights between Jinan and Kansai International Airport as early as within this year. The information was disclosed by Vice Mayor of Jinan City at a tourism session in Tokyo, as he said that it is probable for the airline to serve three flights weekly on the route. However, the plan depends on a new aviation agreement between Japan and China.

Shandong Airlines is an affiliate of Air China, based on Jinan and Qingdao in Shandong Province.

The current aviation agreement allows six airlines of China to fly into Japan, and Air China, China Eastern Airlines, China Southern Airlines, Shanghai Airlines, Hainan Airlines and Xiamen Airlines serve scheduled flights between China and Japan today.

### *\*Kansai plans to separate two runways for departures and arrivals*

Kansai International Airport Co. Executive Vice President Tadakuni Hirano said at a press conference on June 16 that it is possible to use the current runway for departures and the new second runway for arrivals exclusively when taxing time is considered.

The new second runway is scheduled to complete within this year, and flight tests for the runway will start early next year before opening on August 2 next year. By using the two runways, Kansai will largely increase capacity and be able to ease heavy departures in hour from 22:00.

Also Hirano revealed that the airport has started to experiment a business model for midnight cargo flight operations with two potential airlines (undisclosed). If it comes true, services will focus on China. The airport Company is discussing some preferential treatments, including cheaper landing fee, for service providers.

### *\*Kansai resulted in 5% increase of international passengers for May*

Kansai International Airport Co. reported on June 20 that the airport handled 1,357,971 passengers for May this year, 4% more than a year earlier. The monthly total was broken down into 893,500 international flight passengers, 5% more than a year earlier, and 464,471 domestic flight passengers, 4% more than a year earlier.

The airport operated 9,500 aircraft movements (up 1%), classified into 6,026 for international flights, including 4,885 for

passenger flights and 1,042 for cargo flights, and 3,474 for domestic flights.

On a daily basis, the number of passengers was 43,800 on average (up 4%) in May this year, broken down into 28,800 for international flights (up 5%) and 15,000 for domestic flights (up 4%).

The airport handled 153.2 flights a day (up 1%) in May this year, broken down into 97.2 international flights a day (even) and 56 domestic flights a day (up 4%).

*\*JAL reduced reduction rate of domestic passengers in May*

The Ministry of Land, Infrastructure and Transport recently reported that the number of domestic flight passengers carried by nine airlines for May this year was up 3.3% to 7,914,608 over the same month last year, provided 12,640,212 seats, 1.6% more than a year ago. The monthly load factor was 62.8%. The growth was mainly attributed to the high demand during Golden Week in early May.

JAL still suffered from 2.8% reduction of its domestic flight passengers in May this year, the reduction rate was smaller than 4.6% in April this year because JAL carried 1.5% more passengers on its local routes in May this year than a year ago. On the other hand, ANA (including affiliate Air Nippon, Air Nippon Network and Air Central) succeeded in 2.9% increasing of its domestic flight passengers in May this year, compared to a year ago.

Monthly results by airline are as follows:

JAL = 3,087,340 (down 2.8%), broken down into 1,338,688 on trunk routes (down 7.8%) and 1,748,652 on local routes (up 1.5%)

ANA = 3,770,475 (up 2.9%), broken down into 1,450,975 on trunk routes (up 1.8%) and 2,319,500 (up 3.6%)

Japan Transocean Air = 211,432 (up 1.2%), broken down into 18,770 on trunk routes (up 1.3%) and 192,662 (up 1.2%)

Japan Air Commuter = 125,481 on local routes only (up 5.9%)

JAL Express = 161,248 on local routes only (up 59.1%)

Skymark Airlines = 238,412 (up 35.2%), broken down into 174,265 on trunk routes (up 51.6%) and 64,147 on local routes (up 4.4%)

Hokkaido International Airlines = 172,501 (up 9.2%), broken down into 105,951 on trunk routes (down 3.4%) and 66,550 on local routes (up 37.9%)

Skynet Asia Airways = 87,541 on local routes only (up 57.8%)

Star Flyer = 60,178 on a local route only

*\*Yuhi Airlines will start serving Narita Heli Express from Tokyo*

Yuhi Airlines, a helicopter operator based on Okegawa City, Saitama Prefecture, recently announced that it will serve Narita Heli Express to carry international flight passengers between Tokyo Heliport in Shinkiba and Narita International Airport with AS350B3 or EC130B4 on July 1 this year. The operator has begun serving charter flights between its headquarters in Okegawa and Narita since April 12 this year.

Flight time for one way is about 20 minutes. At Narita, a passenger will be escorted from a helicopter spot to a passenger terminal by an exclusive car. The service will be available from 8:00 to 18:00 in summer and from 8:00 to 16:30 in winter, however it will depend on passengers' needs because it is not a scheduled service.

The operator expects that the service will be used by rich passengers particularly, such as entrepreneurs, senior business executives, doctors or lawyers. Also, transit passengers from Haneda Airport to Narita will be promising because it takes just 10 to 20 minutes between Haneda and Tokyo Heliport on highway, according to Yuhi Airlines. Booking is accepted on <http://www.heli-express.com>