

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

- *WDPR Chairman talks about the next fifty years for Disneyland 1
- +Marketing messages should be coordinated into one voice 2
- +”Fly & Drive” is attractive to travelers who personalize their vacations 2
- *ANA will begin serving Narita-Chicago flights probably in the winter schedule 2
- *JAL will serve direct charters for Slovakia for the first time 2
- *Macau is targeting Japanese who are looking for real things 3
- *Charter flights from Taiwan to Hokuriku dramatically increased in 2005 3
- *Saudi Arabian Airlines may fly into Kansai this summer 4
- *JAL and ANA will serve special flights to Germany for World Cup 4
- *JAL air transport result for March 2006 4
- *Suffering high fuel cost and flight suspensions, SKY resulted in net loss for FY2005 6

**WDPR Chairman talks about the next fifty years for Disneyland*

Walt Disney Parks and Resorts Chairman Jay Rasulo (Photo) said at an exclusive interview with the Wing Travel Weekly at POWWOW 2006 in Orlando, FL that the world-leading entertainment company will make further efforts to extend the Disney entertainments to the world for the next fifty years and also to attract more Japanese visitors to Disneyland Resort in Anaheim and Disney World in Orlando in cooperation with tour operators of Japan, airlines or media.



Rasulo first talked about a keynote for the next fifty years after celebrating the 50th anniversary of the Disneyland’ birth: “We have brought many themes to the world and have created many theme parks around the world. In the next 50 years, not only we will continue doing that, but also experimenting with new formats of Disney entertainments for smaller markets because there are still so many markets around the world that do not have the capacity to support a resort like Tokyo Disneyland or Disneyland Resort in Anaheim. I believe that people have strong desires to experience Disney closer to home.”

He emphasized that “Happiest Celebration on Earth” events have contributed to large increase of Japanese visitors to Disneyland Resort in California last year, which means that it is still highly preferred by Japanese even though they can visit Tokyo Disneyland more easily.

Compared to Disneyland in Anaheim, Disney World in Orlando seems to be hard to attract Japanese visitors, however Executive Vice President Sales and Travel Operations Randy Garfield said, “We actually generate more revenue in Orlando from the Japan market than we do at Disneyland because visitors who come Orlando stay longer. Despite no direct flight service between Japan and Orlando, we still have a lot of Japanese visitors coming to Orlando. I believe they can take advantage of connections from other major cities of U.S. Once they get Disney World in Orlando, they must love it.” Walt Disney Parks and Resorts will make efforts to encourage more Japanese tourists to visit Orlando in cooperation with tour operators of Japan, airlines or media.

+Marketing messages should be coordinated into one voice

Rasulo, who is National Chair of Travel Industry Association of America (TIA) as well, mentioned a plan to budget \$300 million approximately to make a blueprint for the future promotional activities by the travel industry of America. He said, "In a much more competitive world for international travelers, the countries that are succeeding and doing the best in attracting foreign visitors have national tourism policy including destination marketing messages. I believe those should be coordinated into a national message to create people's interest, and then after the interest is created, people will look into details of different part of the country." Rasulo pointed out that a unified marketing effort is required to U.S.

"The travel industry of America will consider where the funding would come from, what country it would be spent on, what time of year, what type of media, what type of partnership to call up in advertising and promotion. What Roger Dow (TIA President and CEO) keeps saying about \$300 million is the level of funding for the kind of effort needed to really promote America in the way that it should be promoted."

+ "Fly & Drive" is attractive to travelers who personalize their vacations

Rasulo also said of "Fly & Drive" that is promoted by both of the travel industries of Japan and America, "Ten or twenty years ago, Japanese travelers were happy to move in a group, however particularly in the last five years, all travelers including Japanese travelers have wanted to personalize their vacations. They don't want to do what everyone else is doing. The trend is making a drive package or the drive portion of a package, which is appealing to younger people particularly."

"I can pick two different things on "Fly & Drive." In California, drive is very attractive because of distance among all of the sites. I think sometimes the same thing is true in Orlando as well, but it is also true that travelers to Disney World can really take advantage of a bus service that we started to offer a year and half ago, which is called 'Disney's Magical Express.' If you use the bus service, you can go to Disney World and entertain yourself on the first day you arrive at Orlando."

Rasulo gave a common message as Walt Disney Parks and Resorts Chairman and TIA National Chair to Japan: "I believe that Japanese people should continue visiting America to best understand what America is really about. Sometimes you may read a headline that America is not welcoming international visitors, but it is not true. We are very welcoming. In this POWOW, 3,500 different suppliers are welcoming buyers from all over the world."

**ANA will begin serving Narita-Chicago flights probably in the winter schedule*

ANA President Mineo Yamamoto officially revealed at a news conference on May 24 that ANA will begin new flight services between Narita and Chicago probably in this winter schedule from the end of October this year. ANA withdrew from the flight business before because of low profitability at that time and now has a code-sharing agreement with United Airlines on the route.

ANA has judged that it is a potential market not only for directly Chicago but also for other U.S. destinations beyond Chicago, as Yamamoto said that ANA has received a lot of requests to restart the Narita-Chicago flights in its corporate sales activities. ANA expects to earn additional revenue of about 10 billion yen from the new flight business for Chicago.

JAL has increased scheduled flights between Narita and Chicago since this fiscal year. Amid no increase of departure slots at Narita Airport, ANA will also focus on Narita-Chicago flights to be sure to increase revenue in its international passenger flight business.

**JAL will serve direct charters for Slovakia for the first time*

JAL has decided to serve direct charter flights for Slovakia this summer for the first time in its history. The charters will be used by JTB World Vacations, JAL PAK, World Air-Sea Service, Nippon Travel Agency and Kinki Nippon Tourist for their travel products. JAL will operate 358 seats B747-400 for one return flight between Narita and Bratislava, capital of Slovakia, on August 15 (departing from Narita) and 25 (departing from Bratislava).

Amid higher popularity of Central and Eastern Europe as new tourist destinations among Japanese tourists, JAL and major travel agents will begin exploiting a potential market for Slovakia.

Japan Association of Travel Agents (JATA) plays a central role to expand tourist demand for Central and Eastern Europe, as it supports start of scheduled tourist bus service between Vienna and Budapest of Hungary, which will be offered for whole sellers who produce travel products for the destinations including Slovakia. A total of 32 scheduled buses, which are called "Bohemian Road Bus," will be offered for five months from June to October this year.

The user travel agents will begin selling the products using the JAL charters after signing ITC charter contracts with JAL. Itineraries will vary by travel agent.

Direct charter flights between Japan and Central and Eastern European destinations are growing this summer, including Narita-Prague/Budapest flights by JAL, Narita-Warsaw flights by LOT Polish Airlines, flights between local cities of Japan and Budapest by Malev Hungarian Airlines or flights between local cities of Japan and Vienna by Austrian Airlines.

**Macau is targeting Japanese who are looking for real things*

Macau Government Tourist Office (MGTO) Director Joan Manuel Costa Antunes (Photo) emphasized at a news conference in Tokyo on May 22 that the tourist office will further strengthen promotional activities for the Japanese market, appealing the Macau World Heritage particularly, when he visited Japan to lead the tourism promotion delegation. "Macau is a profitable market for travel agents of Japan," he added.



He also said, "Travel products for Macau conventionally include Hong Kong because of no direct scheduled flights between Macau and Japan. However, a lot of charter successes may allow an airline to open a direct route in the future, when the situation dramatically changes," appealing Macau is a promising destination.

The number of Japanese visitors to Macau for 2005 was up 38.4% to 169,115 compared to 2004, and the number of those for the first three months of 2006 was up 17.2% to 50,115 compared to the same period 2005. MGTO expects to accept more than 200,000 Japanese visitors by the end of 2006.

MGTO revealed that more charter flights from local cities of Japan will be available for the period from September to December in addition to this summer. At the same time, HIS opened its office in Macau in August last year, and JTB is also planning to open its office by the end of this year. MGTO will further help travel agents of Japan develop their businesses in Macau.

Macau is developing tourism infrastructures, as new 11,088 hotel rooms will be available by the end of 2007 in addition to a total of 11,908 rooms today. MGTO expects that additional 40,000 rooms will be prepared for visitors by 2010.

As casinos will be built on new properties like Las Vegas, MGTO will emphasize Macau as an entertainment destination for families to enjoy staying.

In the meantime, MGTO will also make efforts to attract MICE visitors from Japan, for which it has already opened "Macau Business Tourism Center" in April this year.

**Charter flights from Taiwan to Hokuriku dramatically increased in 2005*

The Ministry of Land, Infrastructure and Transport Hokuriku-Shinetsu District Transport Bureau recently reported that the number of charter flights from Taiwan to five local airports of Niigata, Toyama, Noto, Komatsu and Shinshu Matsumoto for 2005 (January to December 2005) was remarkably five times more than 2004, reaching 246 flights with a total of 33,389 passengers.

Toyama Airport dramatically increased Taiwanese charter flights from 16 for 2004 to 135 flights for 2005 with 20,957 passengers. It already handled five charters in February and March this year and plans to accept 39 charters for three months from April to June this year.

Noto Airport also increased charters from Taiwan by 75% to 56 with 5,318 passengers for 2005 compared to 2004. Twenty-one charters will fly into the airport from Taiwan for three months from April to June this year. Despite just one

charter with 151 passengers for 2004, Niigata Airport handled 41 charters with 5,005 passengers for 2005. Komatsu Airport handled 13 charters with 1,989 passengers for 2005. Shinshu Matsumoto accepted one charter with 120 passengers for 2005.

Four airports of Niigata, Toyama, Noto and Komatsu accepted 100,404 foreign entries for 2005, 66.3% more than a year ago. The year-on-year growth rate was much bigger than the average growth rate of 9.7% nationwide. The highest growth rate was seen at Toyama with 158.4% up to 34,330 foreign entries among the four airports, followed by Komatsu with 75.8% up to 16,998, Noto with 47.1% up to 5,325 and Niigata with 29.4% up to 43,751.

**Saudi Arabian Airlines may fly into Kansai this summer*

Saudi Arabian Airlines is planning to begin two scheduled flight services weekly between Riyadh and Kansai International Airport (KIX) via Manila in early July this year, extending the current international services between Riyadh and Manila. Open of a new route between Japan and Saudi Arabia was already approved by both of the governments.

The airline has started direct charter flight services between Riyadh and KIX in high seasons since 2001. New scheduled flight services will be expected not only to meet business demand but also to exploit the tourist market for Saudi Arabia and other Middle East destinations in Japan.

**JAL and ANA will serve special flights to Germany for World Cup*

JAL and ANA are planning to serve extra or charter flights to Germany to meet special demand for soccer's World Cup in June this year. ANA will serve three return extra flights between Narita and Frankfurt, offering flights on June 11, 15 and 19 from Narita and on June 15, 19 and 23 from Frankfurt. ANA ensured booking rate of 83.6% on both the six extra flights and scheduled flights on the route as of May 23, and the rate only on scheduled flights is 91.1%.

JAL will serve one charter flight each from Narita and Kansai International Airport to Cologne with B747-400. The products using the charters include tickets for a match between Japan and Brazil. Also, JAL will offer three return charter flights between Haneda and Frankfurt with B747-400 or B777. If the Japanese national team advances to the second round, JAL will add charter services.

During the World Cup in France in 1998, JAL and ANA each served 14 return extra flights and six return extra flights between Narita and Paris.

**JAL air transport result for March 2006*

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

Passengers = 1,217,429 (95.6%)

RPK = 5,760,741 thousand passenger kilometers (97.9%)

ASK = 7,728,159 thousand seat kilometers (91.0%)

Load factor = 74.5%

<Results by destination>

Trans-Pacific routes

Passengers = 283,230 (100.6%)

RPK = 2,201,363 thousand passenger kilometers (101.6%)

ASK = 2,727,654 thousand seat kilometers (96.9)

Load factor = 80.7%

Europe routes

Passengers = 131,155 (94.9%)

RPK = 1,216,134 thousand passenger kilometers (94.8%)

ASK = 1,560,880 thousand seat kilometers (89.1%)

Load factor = 77.9%

Southeast Asia routes

Passengers = 369,625 (98.8%)

RPK = 1,279,230 thousand passenger kilometers (102.9%)

ASK = 1,872,135 thousand seat kilometers (85.5%)

Load factor = 68.3%

Oceania routes

Passengers = 66,963 (95.3%)

RPK = 459,700 thousand passenger kilometers (95.7%)

ASK = 651,121 thousand seat kilometers (90.8%)

Load factor = 70.6%

Guam

Passengers = 62,149 (61.7%)

RPK = 158,383 thousand passenger kilometers (63.2%)

ASK = 187,520 thousand seat kilometers (58.0%)

Load factor = 84.5%

Korea routes

Passengers = 148,621 (103.7%)

RPK = 154,935 thousand passenger kilometers (106.7%)

ASK = 227,192 thousand seat kilometers (119.9%)

Load factor = 68.2%

China routes

Passengers = 155,686 (93.8%)

RPK = 290,996 thousand passenger kilometers (92.8%)

ASK = 501,656 thousand seat kilometers (98.2%)

Load factor = 58.0%

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

Passengers = 3,897,573 (98.4%)

RPK = 2,936,220 thousand passenger kilometers (98.2%)

ASK = 4,394,377 thousand seat kilometers (98.5%)

Load factor = 66.8%

JAL air transport result for FY2005 (April 2005 to March 2006)

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

Passengers = 14,187,626 (96.2%)

RPK = 67,434,613 thousand passenger kilometers (97.8%)

ASK = 97,174,777 thousand seat kilometers (97.7%)

Load factor = 69.4%

<Results by destination>

Trans-Pacific routes

Passengers = 3,352,722 (98.7%)

RPK = 25,877,543 thousand passenger kilometers (99.5%)

ASK = 33,409,435 thousand seat kilometers (99.3%)

Load factor = 77.5%

Europe routes

Passengers = 1,545,192 (98.4%)

RPK = 14,364,561 thousand passenger kilometers (98.3%)

ASK = 20,605,094 thousand seat kilometers (98.2%)

Load factor = 69.7%

Southeast Asia routes

Passengers = 4,340,318 (96.9%)

RPK = 14,650,728 thousand passenger kilometers (98.5%)

ASK = 23,967,439 thousand seat kilometers (97.3%)

Load factor = 61.1%

Oceania routes

Passengers = 806,125 (94.6%)

RPK = 5,608,052 thousand passenger kilometers (94.6%)

ASK = 7,750,500 thousand seat kilometers (94.7%)

Load factor = 72.4%

Guam

Passengers = 874,111 (81.2%)

RPK = 2,188,560 thousand passenger kilometers (81.9%)

ASK = 2,965,429 thousand seat kilometers (76.6%)

Load factor = 73.8%

Korea routes

Passengers = 1,652,036 (102.2%)

RPK = 1,695,482 thousand passenger kilometers (104.9%)

ASK = 2,531,520 thousand seat kilometers (115.0%)

Load factor = 67.0%

China routes

Passengers = 1,616,734 (92.4%)

RPK = 3,048,511 thousand passenger kilometers (93.2%)

ASK = 5,943,924 thousand seat kilometers (99.4%)

Load factor = 51.3%

Other routes in total

Passengers = 388 (67.1%)

RPK = 1,176 thousand passenger kilometers (53.9%)

ASK = 1,436 thousand seat kilometers (10.1%)

Load factor = 81.9%

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

Passengers = 43,848,755 (98.1%)

RPK = 32,910,535 thousand passenger kilometers (98.6%)

ASK = 51,415,813 thousand seat kilometers (98.1%)

Load factor = 64.0%

**Suffering high fuel cost and flight suspensions, SKY resulted in net loss for FY2005*

Skymark Airlines (SKY) released the non-consolidated financial result for FY2005 (April 1 to March 31 2006) on May 18, reporting that it resulted in net loss of 710 million yen (net profit of 1,677 million yen for FY2004) mainly because of high fuel cost and flight suspensions after accepted an operational improvement order for the inappropriate aircraft maintenance from the Ministry of Land, Infrastructure and Transport.

According to the financial report, SKY posted operating revenue of 35,694 million yen (13,029 million yen for FY2004), operating loss of 1,870 million yen (operating profit of 64 million yen for FY2004), recurring loss of 1,169 million yen (recurring profit of 258 million yen for FY2004). The financial result for full year of FY2004 was for five months from November 2004 to March 2005 because SKY changed its fiscal term.

SKY withdrew from flight services on Haneda-Kagoshima, -Tokushima and -Kansai International routes to concentrate its business resources on Haneda-Fukuoka, -Kobe and -Naha routes. Also, it has suspended charter flight services for Incheon Airport of Seoul since July 2005.

SKY explained that the largest reason for the financial downturn was rise of fuel price, which brought about profit reduction of about 1,000 million yen. At the same time, SKY suffered several negative factors, such as flight reductions after the aircraft incident at Kagoshima Airport in December last year, additional expenses of more than 500 million yen to repair the troubled engine, suspensions of 154 flights after an operational improvement order or delay of delivery of new B737s due to the strike in Boeing.

For FY2006, SKY estimates operating revenue at 45,800 million yen, recurring profit at 1,400 million yen and net profit at 1,300 million yen, expecting to achieve higher yields on its core flight businesses for Fukuoka, Kobe and newly Sapporo.