

Japan's Leading Tourism and Aviation Weekly

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****JTB forecasts the most-ever Japanese will go abroad during this GW***

JTB released a travel forecast for this Golden Week (April 26 to May 6), reporting that the number of Japanese overseas travelers will be up 3.9% to 565,000 approximately compared to a year ago. It is the most-ever Japanese overseas travelers during GW, more than 564,000 overseas travelers during the GW 2000.

JTB also forecasts that the number of domestic travelers during the period may reach 21.34 million, 0.6% more than a year ago. The forecast represents the second most domestic travelers during GW, following the GW in 2001.

Average travel expenses are forecasted to be 250,500 yen for overseas travel, 1.1% less than a year ago, and 39,000 yen for domestic travel, 0.3% more than a year ago.

According to the JTB forecast, the total number of travelers during this GW may reach 2,190,500, 0.7% more than a year ago, which represents the second most travelers next to those during the GW in 2001. The total amount of travel expenses may reach 973.8 billion yen, 1.2% more than a year ago, which represents the third highest travel expenses in the history. Average travel days may be 3.40 days.

In the overseas travel market, short-range destinations, such as Guam, Saipan or Asian resorts are particularly preferred. Popularities of Phuket and Bali have distinctively been recovered. Also, the number of Japanese travelers for China and Korea during this GW may increase by 2.7% and by 4.1% compared to a year ago, when the anti-Japan demonstrations discouraged Japanese travelers to go these destinations. Taiwan is still preferred well.

As this GW is broken into two consecutive holidays and five consecutive holidays, the number of overseas travelers for long-range destinations may decrease compared to a year ago: down 2.2% for mainland America, even for Hawaii or down 4.8% for Oceania. However, overseas travelers for Europe are expected to increase probably because of higher demand for staying one city, such as London or Paris.

It is distinctive that high-value products, including business class flights or high-grade hotels, are sold well for Europe and Hawaii particularly.

Forecasted overseas travelers by destination during GW2006:

Korea = 76,000 (up 4.1%)
 China = 75,000 (up 2.7%)
 Hong Kong = 23,500 (up 9.3%)
 Taiwan = 38,000 (up 10.1%)
 Thailand = 29,000 (up 11.5%)
 Singapore = 12,500 (up 8.7%)
 Indonesia = 13,000 (down 7.1%)
 Malaysia = 5,000 (up 11.1%)
 Others in Asia = 23,000 (up 9.5%)
 Asia in total = 295,000 (up 5.7%)

Hawaii = 48,000 (even)
 Guam/Saipan = 43,500 (up 7.4%)
 Mainland America = 45,500 (down 2.2%)
 Canada = 11,000 (up 4.8%)
 North America in total = 148,000 (up 1.7%)

Europe in total = 83,000 (up 3.8%)

Australia = 20,000 (down 4.8%)
 New Zealand = 4,000 (down 11.1%)
 South Pacific = 5,000 (even)
 Oceania in total = 29,000 (down 4.9%)

Others (Africa, Middle East and Latin America) = 9,500 (up 5.6%)

**Japanese departures grew as a whole but reduced locally*

The Ministry of Justice Immigration Bureau reported on April 6 that the number of Japanese departures for a calendar year of 2005 was up 3.4% to 17,403,565 over 2004, marking the second most Japanese departures next to about 17.8 million in 2000. While Japanese departures from three major urban areas of Tokyo, Osaka and Nagoya increased, those from all Kyushu Prefectures decreased. Another distinctive trend was that Japanese departures of 25 to 29 years old decreased.

Out of all Kyushu Prefectures, Fukuoka and Kumamoto minimized reduction of Japanese departures for 2005, as those from Fukuoka and Kumamoto decreased by 0.3% to 575,643 and by 0.3% to 137,646 respectively compared to a year ago. However, Kagoshima (down 4.9%), Miyazaki (down 4.6%), Saga (down 3.9%) and Nagasaki (down 3.9%) suffered from large reductions. It is probable that the JAL's suspension of Fukuoka-Honolulu flights, which has been effective since October 2005, will further give negative impact to Japanese departures from Kyushu for 2006.

Other local prefectures that reduced Japanese departures were Aomori (down 3.8%), Akita (down 8.0%) and Yamagata (down 1.0%) in the Tohoku region, Ishikawa (down 4.4%) in the Hokuriku region, Tottori (down 4.6%) and Shimane (down 6.2%) in the Chugoku region and Kochi (down 0.3%) in the Shikoku region.

On the contrary, the Chubu region increased Japanese departures primarily because Central Japan International Airport opened, as Aichi Prefecture remarkably increased those for 2005 by 7.5% to 1,158,378 compared to a year ago. Also, Mie and Shizuoka marked 8.5% and 4.7% increases of Japanese departures respectively.

In the Kansai region, Osaka increased Japanese departures by 3.8% to 1,376,105 for 2005, compared to 2004, and Hyogo and Kyoto each resulted in 5.3% and 4.2% more Japanese departures for 2005 than a year ago.

In the Kanto region, the number of Japanese departures from Tokyo was up 4.0% to 3,148,799 compared to a year ago. Kanagawa also increased those by 3.6% to 1,872,800 compared to a year ago. Saitama and Chiba marked 3.7% and 2.7% increases respectively.

+Gimpo charter flights allowed Haneda to grow Japanese departures

The statistics of Japanese departures by airport finds that Haneda Airport remarkably increased those for 2005 by 46.8% to 359,702 over 2004 because of increase of charter flights between Haneda and Gimpo (Seoul), having a 2.1% share of all Japanese departures. Despite the slot limitation, Narita Airport increased Japanese departures for 2005 by 1.2% to 9,576,532 compared to a year ago.

The number of Japanese departures from Kansai International Airport was up 2.8% to 3,861,860 compared to a year ago. Central Japan International Airport increased those by 1.8% to 1,643,975 for the period from February 17 2005, the opening day, to the end of 2005, compared to a year ago.

The number of male Japanese departures for 2005 was up 2.5% to 9,749,800 compared to a year ago, and the number of female Japanese departures for 2005 was up 4.6% to 7,653,765 compared to a year ago. One of the distinctive points was increase of those from 55 to 59 years old, partially including baby boomers, as male and female Japanese departures in the age segment increased by 7.8% to 1,090,000 and by 11.4% to 690,000 respectively.

In the 65 to 69 years old segment, male and female Japanese departures marked 5.2% and 9.5% increases respectively. Also, male and female Japanese departures in the over 70 years old segment increased by 7.3% and by 11.5% compared to a year ago.

Female Japanese departures increased by 7.3% in the 35 to 39 years old segment, by 11.9% in the 40 to 44 years old segment and by 8.3% in the 45 to 49 years old segment, respectively compared to a year ago. As a result, children departures also increased as family overseas travels grew.

On the other hand, Japanese departures from 25 to 29 years old were still inactive, regardless of sex.

****AAL hopes to increase business demand on its KIX-Dallas flights***

Norio Inaba, American Airlines (AAL) Manager Japan Country Sales, said at an interview with the Wing Aviation Press that the airline has carried more passengers on its Kansai International Airport (KIX)-Dallas/Fort Worth flights than originally expected since it restarted the flight services in November last year. He highlighted, "AAL still makes efforts to increase business demand particularly."

Although it is true that business demand in the Kansai area is smaller than in the Tokyo Metropolitan area, Inaba revealed that AAL has increased contracts with Japanese manufacturers in the Kansai area that have operation bases in North America or Latin America, as it offers not only volume-basis prices but also individual-basis prices especially for small or middle-class companies. Also, AAL is making efforts to exploit business demand in the Kyushu area.

Meantime, AAL is increasing tourist demand for Florida or Las Vegas in America and Cancun in Mexico, as Inaba said that tourist demand, especially honeymoon demand, for Cancun from KIX has already recovered. AAL also expects to expand eco-tourism demand for Patagonia or Galapagos in the future, as it can offer tour products from KIX.

Jamaica is another promising tourist destination for AAL because the airline serves a connection flight to the destination from Dallas on the same day as a flight from Japan arrives at Dallas. Inaba said, "Ground infrastructures, including accommodation, have been improved well in Jamaica. Now it is a destination for tourists to stay comfortably." AAL will help develop tourism promotions for Jamaica.

Inaba also mentioned the recent passenger trend on Japan flights of AAL, including Narita, revealing that it has increased individual passengers who use business class probably because it offers discounted airfares for the business class. They are basically classified into rich retirees, urban riches and empty nesters or DINKS. Inaba said that AAL has increased bookings via a booking engine on its Japanese website since it began the service last year.

+Moving to 2 PTB at Narita will give AAL big merits

In accordance with reshuffle of departure and arrival terminals at Narita Airport, AAL will move to the 2nd passenger terminal building from the 1st passenger terminal building today after this coming autumn. At the same time, its departure lounge “Admirals Club” will be opened in the 2nd PTB in early next year. It will be 1.4 times wider than today. Inaba said, “Moving to the 2nd PTB will give us big merits on connections to JAL’s domestic flights or to Oneworld members’ international flights.”

Also, Inaba showed his intention to restart selling AAL’s package product “AA Vacations” probably on a web basis.

After next year, AAL will upgrade services for its Japan flights, including new business class seats. New wider pitch seats will allow AAL to provide 2-2-2 seat configuration abreast. Also, new business class unit will include a large table enough to use PC and a removal entertainment system for each seat.

**ACA tries to exploit new markets for stable demand through a year*

Shigeru Nakata, Air Canada (ACA) Passenger Sales and Marketing Manager Japan, said at an interview with the Wing Aviation Press that it is necessary to exploit new markets to ensure stable passenger demand through a year, while ACA still regard Canada as a main market. ACA is making efforts to create new demands for winter, a low season for Canada, particularly focusing on Cuba via Toronto or Las Vegas via Vancouver. Nakata added, “ACA targets both the Japanese ancestry market and the tourism market for Latin America.” In wintertime, ACA succeeded in carrying more Japanese ancestries to Latin American countries via Toronto when they returned home partially because Varig-Brazilian Airlines has suspended its Japan flights.

ACA also expects to increase Japanese tourist passengers who travel to Latin American destinations, appealing convenient flight connections for the destinations, such as Lima of Peru or Sao Paulo of Brazil. Cuba is a promising destination for ACA as well, as the airline serves daily flights between Toronto and Habana of Cuba in wintertime. Although ACA passengers who fly from Japan have to stay one night in Toronto when they head for Cuba, Nakata revealed that ACA has recently increased such Japanese tourist passengers. “Cuba is a potential destination for senior travelers particularly,” he added.

ACA has expanded its Las Vegas flights from Vancouver since November last year, which enables ACA to connect a Narita or Kansai International-Vancouver flight to a Vancouver-Las Vegas flight on the same day. ACA especially expects to pick alternative passenger demand after JAL suspends its direct flights to Las Vegas.

During the summer schedule, ACA serves daily flights between Narita and Toronto and Vancouver and double daily flights between Kansai International and Vancouver. It still suspends Central Japan International (Centrair)-Vancouver flights mainly because appropriate aircraft is not available for the flights. However, Nakata said, “We long for restarting Centrair flights next summer. It depends on our business success in the Japanese market this summer.” ACA leaves its business base in Nagoya as it is.

ACA will introduce six B777s next year, in which new business class seats will be installed. “We hope that the latest aircraft will be used for Japan flights. For that, we have to make our business in Japan a success,” Nakata emphasized.

**Kansai operates the most-ever international flights this summer*

Kansai International Airport Co. recently reported that the airport operates 710 international flights weekly at a peak week during the summer schedule (March 26 to October 28 this year), more than 700 international flights weekly a year ago and marking the most-ever international flights. Turkish Airlines will restart serving its Istanbul flights from June 15, and China Airlines will restart serving its Taipei flights from July 1 the first time since 1974.

JAL has reduced 14 flights weekly on its Honolulu route and seven flights weekly on Denpasar (Bali) route, while JAL Ways has increased seven flights weekly on its Saipan route, seven flights weekly on its Honolulu flight and three flights

weekly on its Denpasar route. Although ANA has reduced seven flights weekly on its Shanghai route, it has increased 7.5 international cargo flights weekly.

Flight increases or flight reductions by foreign airlines are as follows:

Northwest Airlines = increase of seven flights weekly on Guam route and increase of seven flights weekly on Saipan route

American Airlines = increase of seven flights weekly on Dallas route

Continental Airlines = increase of seven flights weekly on Guam route

UPS = reduction of one cargo flight weekly

Air Canada = increase of four flights weekly on Vancouver route

Lufthansa Airlines = reduction of one cargo flight weekly

KLM = increase of one cargo flight weekly

Austria Airlines = reduction of four flights weekly on Vienna route

Finnair = increase of one flight weekly on Helsinki route

Turkish Airlines = start of three flights weekly on Istanbul route

Qatar Airways = increase of one flight weekly on Doha route

Asiana Airline = reduction of two flights weekly on Cheju route and increase of one cargo flight weekly

Air China = reduction of one flight weekly on Beijing route, increase of two flights weekly on Shanghai route and reduction of two flights weekly on Beijing route via Shanghai

China Eastern Airlines = increase of five flights weekly on Shanghai route, increase of two flights weekly on Nanjing route, reduction of two flights weekly on Nanjing route via Shanghai, reduction of two flights weekly on Fuzhou route via Shanghai, reduction of two flights weekly on Kunming route via Shanghai and increase of one cargo flight weekly

China Southern Airlines = increase of two flights weekly on Harbin route

Shanghai Airlines = reduction of one flight weekly on Shanghai route and increase of one cargo flight weekly

Xiamen Airlines = increase of one flight weekly on Xiamen route

Eva Airways = increase of two flights weekly on Taipei route

China Airlines = increase of five flights weekly on Taipei route and increase of two cargo flights weekly

MIAT Mongolian Airlines = increase of one flight weekly on Ulaanbaatar route

Thai Airways International = increase of four flights weekly on Bangkok route via Phuket and reduction of eight flights weekly on Bangkok route via Los Angeles

Malaysia Airlines = reduction of one cargo flight weekly

**Centrair targets more than 12 million passengers for FY2006*

Central Japan International Airport Co. released its business plan for FY2006 on March 31 this year, saying that it aims to increase passengers by more than 3% to more than 12 million over FY2005. To achieve the target, the airport sets goals of 380 international flights weekly, 20 flights more than FY2005, and more than 100 domestic flights daily, four flights more than FY2005.

Also, Centrair aims to increase international cargo volume from 230,000 tons for FY2005 to more than 300,000 tons for FY2006.

The airport company announced the number of passengers for FY2005 totaled 11.65 million except passengers related to the Aichi Expo, which were broken down into 6.5 million domestic flight passengers and 5.15 million international flight passengers.

For FY2006, it aims to increase domestic flight passengers by 3% to more than 6.7 million and international flight passengers by 2.9% to more than 5.3 million, totaling more than 12 million without special demand like the Aichi Expo.

The company makes up six main business policies: safe and comfort airport management, extension of flight networks and expansion of demands, offering of attractive products and services, CS No.1 airport, social responsibility as a corporation and enhancement of business fundamentals.

**Centrair resulted in year-on-year reduction of passengers first time*

Central Japan International Airport Co. recently reported that the number of passengers for February this year was down 1% to 873,900 over the same month last year. It was year-on-year reduction for the first time since the airport opened in February last year. The monthly total was divided into 400,700 international flight passengers (up 9%) and 473,200 domestic flight passengers (down 8%).

Centrair handled 8,187 aircraft movements for February this year, 8% fewer than a year ago, comprising 2,874 for international flights (up 39%) and 5,313 for domestic flights (down 22%). The airport succeeded in increasing international cargo volume by 128% to 20,505 tons, which were broken down into 10,880 tons for loading (up 163%) and 9,625 tons for unloading (up 98%).

Monthly sales of terminal businesses reached 1,942 million yen, almost the same amount as January, but lower than monthly sales of more than 2,700 million yen at the peak during the Expo period.

**ANA launches a strategic research institute to develop intellectual property*

ANA Group announced on April 3 that it has launched ANA Strategic Research Institute Co., Ltd. to develop its intellectual property, upgrading its internal research and study department. The Institute has a capital of 30 million yen invested 100% by ANA, and Kenichiro Hamada takes offices as President and CEO.

The Institute will develop innovative air transport services from a middle- and long-term point of view after accomplishing a goal of No.1 airline in Asia in 2009. At the same time, it will research and develop new business models. It is expected that the Institute will function as a research organization to guide ANA Group's business strategies not only in Japan but also globally.

In detail, its activities will include:

- 1) Research into the aviation industry, and future trends
- 2) Political, economic, cultural, sociological, scientific research and future trends
- 3) Strategic planning and consulting for air transport management and marketing
- 4) Consulting and development of new business models using intellectual property
- 5) Education, training and research, including leading seminars and workshops
- 6) Preparation of materials for print media, seminars and lectures
- 7) Website production
- 8) Development and sales of computer software
- 9) Production and maintenance of database relating to above activities, and provision of data
- 10) Other activities related to the above

**JAL extends code shares with Hainan Airlines*

JAL announced on April 4 that it has agreed with Hainan Airlines of China to extend the code-share tie-ups on Hainan's serving Beijing- Xian and -Kunming flights from April 7 this year. Both airlines have started code-share flights between Kansai International Airport and Haikou in southern China since October 31 2004 and then those between Beijing and Chengdu since June 1 2005. The new tie-up brings both airlines to offer 21 code-share flights weekly on three routes.

Operated with B737 by Hainan Airlines
 JL5793/HU7882=Beijing 17:05-Xian 18:40
 JL5794/HU7138=Xian 10:30-Beijing 12:10
 JL5795/HU7111=Beijing 15:45-Kunming 19:00
 JL5796/HU7166=Kunming 12:50-Beijing 16:00