

Japan's Leading Tourism and Aviation Weekly

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****Active America was joined by more than 40 buyers from Japan***

The 15th Active America Travel Summit started in Montreal, Quebec on April 12, joined by more than 40 buyers from Japan and more than 70 suppliers from the U.S. and Canada. It was the largest-scale ever in its history. Tourism Montreal President and CEO Charles Lapointe said at an opening event, "Active America is an event to introduce tourist attractions of both America and Canada to Japan. I believe it is a good chance for Japanese buyers to know about the two different tourist destinations better."

Northwest Airlines Director, Sales & Trade Jeffrey Bernier said, "We are happy to contribute to development of the tourism industry through this event. I believe this is a significant opportunity to establish closer relationship between Japanese buyers and American and Canadian suppliers every year." Northwest Airlines is one of the major sponsors for Active America.

As Montreal is the second venue for Active America in Canada, following Toronto two years ago, this Active America was joined by more Canadian suppliers not only from Quebec but also from Ontario, Alberta, British Columbia and four Atlantic Canada States.

In cooperation with Alamo, Fly & Drive experiences were provided to Japanese buyers in Quebec City, and also they enjoyed Fly & Rail experiences on VIA Railway from Montreal to Quebec City. The travel industry highly expects that these experiences are preferred by Japanese tourists when they travel in America or Canada.

Japan Association of Travel Agents (JATA) sent Assistant General Manager Yukihiro Hamazaki to Active America for the first time, accepting a request from host North American Journey. Meanwhile, Kinki Nippon Tourist (KNT) Executive Officer Yoshihiro Ochi made a presentation to American and Canadian suppliers. He said that the potential markets are baby boomers, MICE or educational trips, introducing particular KNT's business actions, such as cruise products or charter products.

+Japanese buyers look for post-Maple Route products

In this Active America, Japanese buyers actively looked for new tourist attractions particularly for baby boomers, many of who will begin retiring after 2007. It is a major trend in the travel industry of Japan today, and American and Canadian suppliers seemed to pay strong attention to the travel market trend in Japan.

Today the highest season is autumn for Japanese tourists to visit Canada because they hope to see autumn leaves especially on Maple Route between Niagara and Quebec City along Lake Ontario. Both travel industries of Japan and Canada understand it is necessary to increase Japanese tourists in other seasons as well, for which Canadian suppliers appealed different seasonal tourist attractions, such as Tulips Festival in Ottawa, Ice Wine Festival in Niagara or Summer Festival in Quebec City.

Also, Niagara Falls Tourism and Toronto Tourism proposed autumn leaves there, which usually reach seasonal peaks after those on Maple Route. This Active America is expected to be a good chance for Japanese buyers to plan and create new products for Canada through a year.

The number of Japanese stays in Canada in January this year was up 5.8% compared to the same month last year. It is noteworthy that tourist demand for Niagara Falls in wintertime has grown.

**More than 6 million foreigners visited Japan in 2005*

Japan National Tourist Organization (JNTO) recently reported that the number of foreign visitors to Japan in 2005 totaled 6,727,926, 9.6% more than a year ago, reaching record-high foreign visitors. Out of the total, the number of foreign tourists reached 4,368,573, 13.8% more than a year ago, largely thanks to Aichi Expo from February to September 2005.

The total was broken down into 1.59 million for the first quarter (up 10.3%), 1.67 million for the second quarter (up 7.3%), 1.83 million for the third quarter (up 10.2) and 1.64 million for the fourth quarter (up 10.9%). The statistics finds that foreign visitors grew even after Aichi Expo finished.

As reported before, the number of Japanese departures in 2005 was up 3.4% to 17.4 million compared to a year ago.

Foreign tourists has steadily grown since the government's leading Visit Japan Campaign (VJC) began in FY2003, as a share of foreign tourists rose from 62.6% in 2004 to 64.9% in 2005 of all foreign visitors including business travelers, international students, diplomatic or public visitors and temporary arrivals. The highest-ever share of foreign tourists was marked in 1970, when Osaka Expo took place.

Foreign visitors by region were 4,627,478 from Asia (up 10%), 798,791 from Europe (up 9.9%), 997,809 from North America (up 8.0) and 244,894 from Oceania (up 5.6%). Korea was the number one country to send 1,747,171 travelers to Japan (up 10%), followed by Taiwan with 1,274,612 travelers to Japan (up 18%). The large growth certainly resulted from visa waiver programs for Korean and Taiwanese visitors. Visitors from China have also grown since the Japanese government approved to issue group tourist visa in the whole China, resulting in 652,820 visitors to Japan in 2005, 6.0% more than a year ago.

Detailed results by country or region are as follows:

<Visitors in total>

1. Korea = 1,747,171 (up 10%)
2. Taiwan = 1,274,612 (up 18.0%)
3. U.S. = 822,033 (up 8.2%)
4. China = 652,820 (up 6.0%)
5. Hong Kong = 298,810 (down 0.5%)
6. U.K. = 221,535 (up 2.7%)
7. Australia = 206,179 (up 6.1%)
8. Canada = 150,012 (up 5.6%)
9. Philippine = 139,572 (down 9.7%)
10. Thailand = 120,238 (up 14.7%)
11. Germany = 118,429 (up 11.4%)
12. France = 110,822 (up 15.6%)
13. Singapore = 94,161 (up 4.6%)

14. Malaysia = 78,173 (up 7.9%)
15. Russia = 63,609 (up 12.5%)
16. Indonesia = 58,974 (up 6.7%)
17. India = 58,572 (up 10.5%)
18. Italy = 44,691 (up 14.8%)
19. New Zealand = 34,981 (up 0.9%)
20. Holland = 30,507 (up 3.6%)

<Tourist visitors>

1. Korea = 1,215,766 (up 17.2%)
2. Taiwan = 1,116,402 (up 20.6%)
3. U.S. = 487,887 (up 9.4%)
4. Hong Kong = 269,123 (down 0.9%)
5. China = 201,940 (up 6.5%)
6. Australia = 154,571 (up 7.3%)
7. U.K. = 123,618 (up 0.5%)
8. Canada = 107,591 (up 5.4%)
9. Thailand = 75,333 (up 19.5%)
10. Singapore = 63,772 (up 1.3%)
11. France = 55,378 (up 18.2%)
12. Philippine = 53,583 (up 40.2%)
13. Germany = 48,541 (up 9.2%)
14. Malaysia = 40,637 (up 6.2%)
15. Russia = 29,835 (up 9.7%)
16. Indonesia = 23,606 (up 3.5%)
17. Italy = 22,901 (up 20.2%)
18. New Zealand = 21,328 (up 1.9%)
19. Spain = 16,310 (up 45.9%)
20. Holland = 14,554 (up 0.4%)

**Jetstar will commence daily Kansai flight service from next March*

Jetstar, the fully owned low cost carrier (LCC) of Qantas Airways, announced on April 11 this year in Osaka that it would begin serving daily flight service on Sydney-Kansai International Airport (KIX)-Brisbane-Sydney route from March next year. Jetstar Group General Manager Commercial Bruce Buchanan said, "Jetstar will provide economy class and Star class (business class) on its long-haul international flights to Japan. The Star class is very similar to the business class provided by Qantas on its domestic flights. Also, we plan to hire Japanese-speaking flight attendants for the new services."

Jetstar will use A330-200 with 303 seats, including 38 Star class seats, for the new flight service to Japan, and the latest Boeing 787-800 may be used on the route as early as the second half of 2008. Airfares will be announced in this coming June. Buchanan said, "We believe that Jetstar can offer the cheapest airfares in the market."

Jetstar originally began its flight services as a domestic LLC in May 2004, and since then it has served nearly 1,000 flights per week to 20 destinations in Australia and New Zealand. Since November last year, Jetstar has expanded its business to long-haul international flights. The new Kansai flight service is one of the business strategies, including services to Bangkok, Phuket, Ho Chi Minh, Bali and Honolulu. The airline is also planning to extend its international flight business to Europe or other regions in the world.

In accordance with the new Jetstar's international flight business for Japan, Qantas Group will reform the flight network, as it consolidates Qantas and Jetstar on Japan routes. Qantas will take over the current Australian Airlines' KIX-Cairns, Nagoya-Cairns and Nagoya-Gold Coast services with wet leasing operation after July this year.

Qantas will continue serving Narita-Sydney, Cairns, Melbourne, Perth and Brisbane flights and KIX-Sydney flights.

The new flight service by Jetstar will benefit KIX and local economy in Kansai. However, it may bring about the possibility to lower travel market prices further in Kansai because Jetstar indicates to offer low airfares on the new flights.

Another concern may be found in different sales approaches between Jetstar and Qantas because Jetstar focuses sales on its direct booking online, while Qantas develops sales on its distribution network. It seems to be difficult for Jetstar to

bring its sales approach into the Japanese market. The point is maybe how the distribution systems of Jetstar and Qantas can be complemented reciprocally.

**Chinese carriers will possibly join Star Alliance soon*

Star Alliance CEO Jaan Albrecht revealed at an interview with the Wing Aviation Press on April 10 in Zurich that the alliance is discussing with two Chinese carriers to become new members. "We will reach an agreement with one at least, both of two if possible, within next several weeks," he added. Star Alliance has worked on Chinese airlines to join the alliance for the last few years.

Albrecht revealed that the alliance is negotiating with airlines of Beijing and Shanghai. Star Alliance particularly hopes to welcome airlines of China, India, Middle East and Russia, regarding these regions as "white spots." Star Alliance welcomed Swiss International Air Lines on April 1 and South Africa Airways on April 10 as new members.

Other alliances are also encouraging Chinese airlines to join them. If Star Alliance succeeds in reaching agreements with the Chinese airlines, it will certainly take advantage of stronger global network than other alliances'.

Star Alliance members carry a total of 425 million passengers annually and serve a total of 15,500 flights daily for 842 destinations in 125 countries and regions.

**ANA will contract check-in procedures at Narita for SQ and TG*

ANA President and CEO Mineo Yamamoto revealed at interview with the Wing Aviation Press on April 7 in Zurich that ANA has reached an agreement with Singapore Airlines (SQ) and Thai Airways International (TG), Star Alliance members, to take care of check-in procedures at Narita Airport for these airlines after moving to the South Wing of the first passenger terminal building (PTB) on June 2 this year. Today check-in procedures for both of the airlines are still carried out by JAL.

Although the South Wing of the 1st PTB will be used exclusively by Star Alliance members, Air New Zealand will still stay in the 2nd PTB, where JAL takes care of check-in procedures for other airlines.

Yamamoto also revealed that Star Alliance would hold a meeting to discuss a cargo alliance idea, which ANA has proposed, within this April to release a midterm report in May. "Cargo business is basically different for passenger business. We will discuss a possibility to integrate each of functions, such as an express function or a logistic function, into a tie-up agreement. However, it will be up to each airline's strategy," Yamamoto added.

**JAL air transport result for February 2006*

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

Passengers = 1,102,783 (92.9%)

RPK = 5,113,119 thousand passenger kilometers (94.4%)

ASK = 7,005,784 thousand seat kilometers (91.4%)

Load factor = 73.0%

<Results by destination>

Trans-Pacific routes

Passengers = 233,170 (90.8%)

RPK = 1,809,718 thousand passenger kilometers (92.2%)

ASK = 2,357,709 thousand seat kilometers (91.9%)

Load factor = 76.8%

Europe routes

Passengers = 111,860 (95.1%)

RPK = 1,038,453 thousand passenger kilometers (94.6%)

ASK = 1,446,255 thousand seat kilometers (94.4%)

Load factor = 71.8%

Southeast Asia routes

Passengers = 352,462 (98.1%)

RPK =1,215,603 thousand passenger kilometers (102.9%)
 ASK =1,779,451 thousand seat kilometers (89.0%)
 Load factor = 68.3%
 Oceania routes
 Passengers = 73,191 (97.6%)
 RPK =507,077 thousand passenger kilometers (97.0%)
 ASK = 590,334 thousand seat kilometers (90.3%)
 Load factor = 85.9%
 Guam
 Passengers = 56,208 (60.0%)
 RPK = 143,089 thousand passenger kilometers (61.3%)
 ASK = 170,763 thousand seat kilometers (61.0%)
 Load factor = 83.8%
 Korea routes
 Passengers = 141,129 (106.0%)
 RPK = 146,510 thousand passenger kilometers (108.8%)
 ASK = 206,133 thousand seat kilometers (116.9%)
 Load factor = 71.1%
 China routes
 Passengers = 134,763 (89.1%)
 RPK = 252,669 thousand passenger kilometers (89.6%)
 ASK = 455,139 thousand seat kilometers (98.8%)
 Load factor = 55.5%

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

Passengers = 3,277,330 (94.6%)
 RPK = 2,489,646 thousand passenger kilometers (94.6%)
 ASK =3,923,043 thousand seat kilometers (97.3%)
 Load factor =63.5%

**Narita forecasts the most-ever passengers during this GW*

Narita International Airport Co. (NAA) reported on April 13 that the number of passengers using Narita Airport during this Golden Week (April 28 to May 7) may increase by 3.2% to 725,900 over the same period last year, which represents the most-ever passengers during the period. The forecasted number of passengers is broken down into 230,000 for the 1st passenger terminal building, 3.4% more than a year earlier, and 495,900 for the 2nd passenger terminal building, 3.0% more than a year earlier.

NAA says that passengers for China and Asia will grow during the GW period. The busiest day for departure may be April 29 with about 52,000 departures, and the busiest day for arrival may be May 7 with about 52,000 arrivals.

**Kansai enjoyed 4% increase of passengers for March*

Kansai International Airport Co. released a preliminary air traffic report for March this year, reporting that the number of passengers increased by 4% to 1,414,735 over the same month last year. The monthly total was broken down into 976,100 international flight passengers, almost the same as a year ago, and 438,635 domestic flight passengers, 18% more than a year ago.

The number of aircraft movements for March this year was up 6% to 9,376, compared to a year ago, which were divided into 6,107 for international flights, the same as a year ago, and 4,790 for domestic flights, 2% more than a year ago. The total number of international aircraft movements was classified into 4,790 for passenger flights (down 2%), 1,198 for cargo flights (up 11%) and 119 for others (down 32%).