

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

*LOOK JTB to revise upward its customer goal for FY2006	1
*JAL PAK has continually suffered from flight reductions of JAL	2
*STB focuses on three markets to recover Japanese travelers	3
*JAL and ANA re-change fuel surcharges on their China flights	4
*Kansai forecasts more international passengers will depart this summer	4
*Fifty-nine charters will come from Korea this summer	4
*JAL will collect 138.6 billion yen by issuing new stocks	5
*ANA carried 17% more international flight passengers for May	5
*COA will serve four flights between Sapporo and Guam earlier than usually	5

****LOOK JTB to revise upward its customer goal for FY2006***

JTB World Vacations has recently revised upward a customer goal of LOOK JTB for the second half of FY2006 to 693,000, 2% more than the original forecast as of January this year, and also for the full year of FY2006 to 1,364,000, 3% more than the original forecast as of January this year. Also, the JTB brand products are expected to collect 671,000 customers for the first half of FY2006 (April to September 2006), 8% more than a year earlier.

JTB World Vacations President Masato Ito said, "Travel demand for China has completely recovered for the first half, as the number of customers for China has exceeded the result for 2004 before the anti-Japan demonstrations occurred." Regarding LOOK JTB for Micronesia, the decrease of customers for Saipan was offset by the increase of those for Guam, and tourist demand for Bali has recovered. Also, products for Europe are stably preferred.

JTB World Vacations has started selling LOOK JTB products for the second half of FY2006 since July 21 under the FY2006 product strategies of price value, originality, diversity and creativity. Ito revealed, "We will particularly strengthen products for Oceania for the second half because it is seasonally crucial time to develop products for the south hemisphere." LOOK JTB products for Australia and New Zealand contain more experience-typed options.

Also, JTB World Vacations will focus on developing "GAKUTABI," its product brand for the student market, and "Symphony," its product brand especially targeting baby boomer generations who will begin retiring next fiscal year.

Ito mentioned dynamic packages as well: "We have already started distribution of dynamic packages between JTB Group branches and partner retailers or tie-up sales retailers. We would like to extend it to the B to C online dealing as soon as possible." JTB aims at 50% more website sales for FY2006 than sales of about 6 billion yen for FY2005.

The followings are customer estimations and goals for each period by destination:

<Estimations for the first half of FY2006 (compared to a year earlier)>

Hawaii = 131,000 (down 1%)

Micronesia = 131,000 (up 7%)

America = 44,000 (down 4%)

Europe = 84,000 (up 5%)
 Asia = 196,000 (up 7%)
 Oceania = 40,000 (even)
 China = 45,000 (up 125%)
 In Total = 671,000 (up 8%)

<Goals for the second half of FY2006 (compared to a year earlier)>

Hawaii = 137,000 (up 37%)
 Micronesia = 131,000 (up 2%)
 America = 51,000 (down 6%)
 Europe = 70,000 (even)
 Asia = 190,000 (down 1%)
 Oceania = 71,000 (even)
 China = 43,000 (up 43%)
 In Total = 693,000 (up 2%)

<Goals for the full year of FY2006 (compared to a year earlier)>

Hawaii = 268,000 (even)
 Micronesia = 262,000 (up 5%)
 America = 95,000 (down 5%)
 Europe = 154,000 (up 3%)
 Asia = 386,000 (up 3%)
 Oceania = 111,000 (even)
 China = 88,000 (up 76%)
 In Total = 1,364,000 (up 4%)

**JAL PAK has continually suffered from flight reductions of JAL*

JAL PAK President Akihiko Kaji revealed at a news conference on July 19 that the JAL affiliate whole seller has still suffered from some 10% reductions of JAL international flights this fiscal year because it is necessarily forced to shrink travel products. "We will strengthen creation of more products using other carriers of Oneworld alliance. Also, we will make efforts to exploit tourist demands from local areas," Kaji added.

Kaji said that FY2006 is an epoch-making fiscal year for JAL PAK because it has restarted as an integrated organization to deal with both creation and selling of products since April this year under the selling structure reform of JAL Group. According to the new business structure, JAL PAK launched its new offices in Sapporo, Tokyo, Nagoya, Osaka and Fukuoka and concentrated its reservation centers on Tokyo and Osaka. The reservation center in Tokyo has a function in link to operation sections to make quicker decisions for customers.

Regarding the three-years midterm corporate plan from FY2004 to FY2006, Kaji revealed that it is actually difficult to achieve the target because of some 20% fewer JAL international flights.

However, Kaji regards the change of the business structure as a chance to change JAL PAK. To push forward integration of product creation with product selling, Kaji is visiting 1,000 partner sales retailers nationwide and collecting requests to JAL PAK from local retailers and market and customer information in local areas. He is supposed to complete to visit all of 1,000 retailers in early September this year. One of the responses to the local requests is that JAL PAK has begun accepting bookings from the local retailers until 20:00, one hour later than before. JAL PAK will pay attention to its business in local regions.

JAL PAK has begun selling I'll products for the second half of FY2006 since July 20 and will begin selling AVA since August 3. It estimates that customers combined I'll and AVA for the first half of FY2006 decreased by 3% to 218,460 compared to the same period last year and forecasts that those for the second half of FY2006 will increase by 3% to 221,700 compared to the same period last year.

The followings are customer estimations and goals by destination:

<Customer estimations for the first half of FY2006 (compared to a year earlier)>

Hawaii = 18,100 for I'll (down 11%), 50,580 for AVA (down 5%)
 America = 5,800 for I'll (up 17%), 10,400 for AVA (up 19%)
 Europe = 7,000 for I'll (down 14%), 16,200 for AVA (up 11%)
 Asia = 8,000 for I'll (down 9%), 37,400 for AVA (up 22%)
 Oceania = 5,300 for I'll (up 1%), 17,000 for AVA (down 1%)
 Guam = 3,300 for I'll (down 49%), 27,500 for AVA (down 26%)
 China = 3,000 for I'll (up 21%), 8,800 for AVA (up 30%)
 Total = 50,500 for I'll (down 10%), 17,960 for AVA (even)

<Customer goals for the second half of FY2006 (compared to a year earlier)>

Hawaii = 17,200 for I'll (down 6%), 45,000 for AVA (down 6%)
 America = 4,800 for I'll (down 15%), 7,600 for AVA (down 9%)
 Europe = 5,200 for I'll (up 12%), 20,000 for AVA (up 4%)
 Asia = 11,300 for I'll (up 66%), 39,500 for AVA (up 15%)
 Oceania = 7,500 for I'll (up 7%), 20,000 for AVA (up 11%)
 Guam = 3,300 for I'll (down 20%), 24,800 for AVA (down 12%)
 China = 3,500 for I'll (up 7%), 12,000 for AVA (up 22%)
 Total = 52,800 for I'll (up 7%), 169,000 for AVA (up 2%)

**STB focuses on three markets to recover Japanese travelers*

Ryohei Shibata, head of Tokyo Office of Singapore Tourism Board (STB), said at an interview with the Wing Travel Weekly, "Singapore may welcome more than 9.4 million foreign visitors this year. Despite the large growth as a whole, the Japanese market is still inactive. Our mission is to recover Japanese travelers for Singapore." STB Tokyo Office particularly focuses on the markets of group travel including MICE, educational travel and leisure travel to increase Japanese travelers.

The number of Japanese visitors for Singapore for 2005 was down 1.7% to 600,000 approximately compared to 2004. STB expects to increase those to 620,000 for 2006. As a whole, the number of foreign visitors is expected to increase to 9.4 million for 2006 from 8.9 million for FY2005, as visitors from China, India and Australia are particularly growing. The whole growth results from further development of tourist attractions and tourism infrastructures, according to Shibata.

Indonesia is the largest country to send travelers to Singapore today. Japan dropped to the 6th largest country so far this year, overtaken by China, India and Australia.

Shibata said, "Japanese travelers for Singapore reached 1.2 million annually in the 1990's, which was the 2nd largest. They were best customers because they spent in Singapore more than any other countries' visitors. However, the market has been shrinking for various reasons." For recovery of the Japanese market, STB is making efforts to reactivate the leisure market, which used to benefit Singapore tourism, to develop the stable group travel market and to exploit the new educational travel market.

For the group travel market, STB has offered "Incentive Organizer Seminar" to potential corporations of Japan since 2005. Also, STB will start a new promotional campaign for group travel worldwide in this coming August, following "Make it Singapore" campaign for incentive organizers worldwide. STB will focus on the Japanese market in the new promotional campaign.

For the educational travel market, STB regularly offers seminars or inspection trips for teachers of potential high schools or professional schools. Shibata revealed that 135 Japanese schools visited Singapore for educational trips for 2005 as long as STB figured out. Singapore is the only English-speaking country in Asia and also is a safe country, which are major factors to increase school trips from Japan, Shibata said.

For leisure travel, STB will develop high-value products particularly for family, couple or baby boomer generation markets. Shibata said, "Several whole sellers have sold high-value products for Singapore, including luxury hotels, high grade restaurants or business class seats. The products were more preferred than we had expected. We can certainly find customers who pay a little bit more money for a little bit more luxury travel." STB will continue the strategy for this year as well.

**JAL and ANA re-change fuel surcharges on their China flights*

JAL recently applies to the Ministry of Land, Infrastructure and Transport (MLIT) for new fuel surcharges on its China flights because it has not acquired an approval on the currently applying fuel surcharges from the Chinese government.

JAL originally applied for fuel surcharges of 1,300 yen on Fukuoka-Shanghai flights, 3,900 yen on the over 2,000 kilometers flights and 2,700 yen on other China flights in January this year. However the application was not accepted by the Chinese authority. Although JAL changed the fuel surcharges to 1,900 yen in Fukuoka-Shanghai flights and 3,100 yen on other China flights in April this year, it again failed to acquire an approval on the revision from the Chinese authority.

This time, JAL has newly applied for fuel surcharges of 3,000 yen on all China flights and hopes to begin collecting the new fuel surcharges on air tickets sold from July 25 this year.

At the same time, ANA has applied to MLIT for the new fuel surcharge of 3,000 yen on its China flights in the same manner as JAL, changing from originally 1,900 yen on Fukuoka-Shanghai flights and 3,100 yen on other China flights. ANA hopes that the new fuel surcharge will be effective to air tickets sold from August 1 this year.

Also, Chinese carriers has again applied to MLIT for the new fuel surcharges of \$25 on all of their Japan flights, revising from originally two ways of \$26 and \$16.

MLIT will probably accept the applications from JAL, ANA and Chinese carriers, however if the Chinese authority does not accept them, the airlines will have to apply for new fuel surcharges again based on the double-approval principle.

**Kansai forecasts more international passengers will depart this summer*

Kansai International Airport released the passenger forecast for this summer vacation season (July 21 to August 20) on July 19, reporting that the number of international flight passengers will be up 1% to 1,050,000 during the period compared to a year earlier. The forecasted number is the third most international flight passengers since it opened.

The forecasted number is broken down into 539,700 departures, 17,400 departures a day on average, and 505,500 arrivals, 16,300 arrivals a day on average. The busiest day for departures and arrivals may be August 12 and August 19.

The most popular destination is Korea with 88,400 passengers (up 0.3%), followed by China with 80,500 passengers (up 0.9%) and North America with 67,800 passengers (up 15.3%).

The largest growth rate of passengers is 20.2% on Taiwan flights with 42,800, followed by 17.1% on Hong Kong flights with 39,100. On the contrary, The largest reduction rate of passengers is 16% on Hawaii flights with 28,400, followed by 12.8% on Guam/Saipan with 23,100, 11.8% on Philippine and Thailand flights with 29,200, 6.8% on Oceania flights with 20,500 and 6.4% on Europe flights with 48,600.

**Fifty-nine charters will come from Korea this summer*

Japan National Tourist Organization (JNTO) Seoul office recently reported that Korean Airlines and Asiana Airlines plan to serve a total of 59 charter flights for Japan this summer, by which 15,394 Korean tourists are supposed to visit Japan. The visa waiver and the flight expansion enable Korean tourists to visit Japan more easily than before, as the number of Korean visitors to Japan for the first five months of this year was up 21.5% to 839,600 over the same period last year.

According to the charter flight plans as of July 10, Korean Airlines will serve 41 charter flights for Sapporo, Kushiro, Hanamaki, Haneda and Kansai International to carry 10,714 passengers. Asiana Airlines will serve 18 charter flights for Asahikawa, Haneda and Kansai International to carry 4,600 passengers. Hanamaki in Iwate Prefecture will be the first destination in Japan for the Korean carriers.

**JAL will collect 138.6 billion yen by issuing new stocks*

JAL announced on July 19 that it has set up 211 yen a new stock, 4.09% lower than the closing stock price of 220 yen a stock on July 19, regarding public offering of 700 million stocks, which was already announced on June 30 this year. JAL expects to collect another 138.6 billion yen at the stock price and to increase the raising amount up to 148.5 billion yen by selling out over allotments of 5,000 stocks.

Out of new 700 million stocks, JAL intends to sell 430 million stocks overseas, more than originally planned 350 million stocks, because it has judged the public offering more attracts foreign investors' attentions than Japanese investors.

JAL estimated it could collect 200 billion yen at maximum through the public offering as of June 30, however the raising amount will probably 5 million yen less than the original estimation because of 23% lower stock price of JAL now than that time. JAL said that it is within the scope of the assumption.

With regard to financing for purchase of new aircraft, JAL explains that it will be able to borrow 600 billion yen from commercial banks based on the guarantee system of Japan Bank for International Cooperation (JBIC), out of 750 billion yen estimated under the midterm corporate plan. The rest of 150 billion yen will be covered with the public offering, according to JAL.

**ANA carried 17% more international flight passengers for May*

ANA Group reported on July 19 that it carried 348,745 passengers on its international flights for May this year, 17% more than a year earlier. ASK and RPK each were up 3.7% and 11.7% compared to a year earlier, and the monthly load factor resulted in 74.8%, higher than 72.7% in April this year.

The monthly total of international flight passengers was broken down into 20,825 carried by Air Nippon (ANK) for Asian destinations and 327,920 carried by ANA for all international destinations including other Asian destinations than those in charge of ANK.

Also, the monthly total was classified into 80,474 for North America (up 4.5%), 47,608 for Europe (up 8.6%), 220,663 for Asia and Oceania (up 24.5%). The load factors were 80.5% on North America flights, 85.4% on Europe flights and 62.8% on Asia and Oceania flights.

ANA Group carried 3,782,371 passengers on its domestic flights for May this year, 3.2% more than a year earlier. ASK and RPK slightly rose by 0.4% and 3.5% respectively compared to a year earlier, and the load factor resulted in 64.4%. The busiest domestic flight route was Haneda-Sapporo with 316,295 passengers, followed by Haneda-Fukuoka with 301,494 passengers and Haneda-Itami (Osaka) with 272,791 passengers.

**COA will serve four flights between Sapporo and Guam earlier than usually*

Continental Airlines (COA) has decided to increase its Sapporo and Guam flights from two flights a week today to four flights a week from November 2 this year, two months earlier than usually. Although COA usually serves four flights a week on the route from the end of December to the end of March next year, it expects to expand tourist demand on the route by setting the increase of flights ahead.

COA will serve CO938 from Sapporo at 12:25 (arrive at Guam at 18:00) and CO937 from Guam at 7:40 (arrive at Sapporo at 11:45) on Monday, Thursday, Friday and Sunday every week.