

Japan's Leading Tourism and Aviation Weekly

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This Week Headline

*KNT aims at increase of Guam customers with purchase and production integrated	1
+Making efforts to expand sales in local regions	1
*HKTB enhances its business for the incentive market	2
*Working group meeting for Japan-U.S. tourism promotions will restart	2
*KAL and AAR will largely increase flight services for Japan	3
*ANA will welcome passengers with new services at Narita	3
*JAL will begin express cargo business particularly for China	4
*NAA hopes to start the 2nd runway extension project this summer	4
*New Kitakyushu Airport hopes large increase of users for large increase of seats	5
*Centrair was used by 11.9 million passengers for the first business year	5

**KNT aims at increase of Guam customers with purchase and production integrated*

Yoshinori Ochi, Kinki Nippon Tourist (KNT) Executive Officer and Holiday Tours Micronesia (HTM) President, said at an interview with the Wing Travel Weekly, "I believe Guam is a destination to accept a wide variety of tourists including incentives or educational trips. It is possible for us to accomplish both aims to increase customers for Guam and to increase revenue by providing value-added products." By integrating the purchase and planning functions of HTM for Eastern Japan region into KNT, KNT will enhance the sales system for Guam to increase its customers for Guam from 65,000 in 2005 to 100,000 in 2008.



As reported before, the number of Japanese visitors to Guam for 2005 was up 5.4% to 955,154 compared to 2004. Guam Visitors Bureau aims to increase the annual number to 1.03 million for 2006. Through 2005, KNT Group sent about 65,000 customers to Guam, which were broken down into 48,000 for package tours, 13,000 for group travels and the rest for FIT.

KNT will reform its business structure in May this year, one of which is to integrate the purchase and planning functions of HTM for Eastern Japan region into KNT to develop sales activities nationwide under the same system. KNT places the reform as the first step to its growth strategy. KNT will launch a new business section for Micronesia in the Mate Holiday Business Division.

+Making efforts to expand sales in local regions

KNT will make further efforts to strengthen sales activities for Guam products using local flights from eight cities of Japan. In Eastern Japan, KNT today offers common Holiday package tours products for flights from Narita, Sapporo,

Sendai and Niigata. In addition, KNT will establish a sales system to offer Holiday products for local flights more flexibly, depending on demand features in each of local cities.

Holiday products for Guam from Narita Airport have a share of 52% of all Holiday products for Guam, following a share of 26% to 27% from Kansai International Airport, 17% from Central Japan International Airport and 5% to 6% from other local airports.

Ochi said, "It is extremely important for us to exploit the overseas travel market in local regions to expand the whole market. Today international flights from local cities are operated for only three destinations of China, Korea and Guam. In other words, without business strategies for the three destinations, it is impossible to exploit the overseas travel market in local regions."

KNT provides value-added products in "Excellence," the highest-grade package tour brand. It aims to raise a share of sales of value-added products from 10% today to around 20% Ochi said, "It is necessary for KNT to balance low-price products and value-added products for Guam or Saipan particularly."

With regard to group travel for Guam, Ochi revealed that incentive tours and educational trips respectively account for 45% and 25% of all group travel customers. "As the Japanese economy is recovering, the incentive tour demand will expand. Guam is a promising destination for incentives because it has a big advantage to have international flights from eight local cities of Japan."

KNT has launched Event Convention Congress (ECC) Company to develop new sales and marketing activities for group travel in Tokyo, Nagoya and Osaka. Under initiative of the Company, KNT will propose more attractive incentive tours in Guam to potential customers.

**HKTB enhances its business for the incentive market*

Mabel Hung, Senior Manager of Business Development Division of Hong Kong Tourism Board (HKTB =Photo:right) said at an interview with the Wing Travel Weekly, "The number of Japanese visitors to Hong Kong for incentive tours was 85,600 last year. As the Japanese economy is recovery well, HKTB is paying strong attention to the incentive market of Japan. HKTB will enhance a support system for Japanese travel agents and appeal new possibilities for incentive tours in Hong Kong." HKTB aims to accept more than 100,000 Japanese incentive tourists annually.



HKTB held an incentive seminar for Japanese travel agents in Osaka on March 7 and in Tokyo on March 8. "I understand they have stronger interest in incentive tours than I imagined. This year, bookings for incentive tours are increasing well" Hung said. Kunio Kano, HKTB Regional Director, North Asia (Photo:left), said, "Hong Kong Value Plus Campaign for incentives has been taking root in the travel industry of Japan. Developing Discover Hong Kong 2006 campaign, HKTB is providing incentive tours with special privileges."

"Hong Kong Value Plus Campaign" will continuously be offered from April 1 this year to March 31 next year, giving a variety of privileges to a group with more than 20 members. At the same time, HKTB will offer bonus privileges to a group with more than 20 members that departs to Hong Kong by the end of this year, preparing events for all group members to enjoy staying in Hong Kong regardless of the number of group members.

HKTB will propose new products suitable for incentive tours, such as Hong Kong Wet Land Park, Hong Kong Disneyland or Asia World Expo.

**Working group meeting for Japan-U.S. tourism promotions will restart*

The 5th meeting of working group for Japan-U.S. Tourism Exchange Expansion Promotional Conference will be held in Washington D.C. on May 1 this year for the first time since the 4th meeting was held in Los Angeles in April 2004. Although the 5th meeting was originally supposed to be held in Kyoto in July last year, it was postponed for the U.S.

side's own convenience. Instead, major members of the working group gathered in Tokyo in June last year to exchange opinions.

Japan has ensured a budget for the Visit Japan Campaign (VJC), and the U.S. has allotted a budget of \$9.8 million to external tourism promotions for Japan and the U.K. The U.S. initially planned to begin promotional activities to encourage Japanese tourists to visit the U.S. this spring, before the high season of Golden Week (late April to early May) in Japan. However, the plan has been revised to create the largest effect on advertising. Advertising campaigns are likely to begin this coming July, after the World Cup soccer games in Germany finish in the end of June.

In this coming meeting, both joint chairmen of Japan and the U.S. will be replaced. Kosuke Shibata, Deputy Director General, Policy Bureau for Tourism, the Ministry of Land, Infrastructure and Transport, will represent Japan, however a joint chairman of the U.S. is not decided yet after Douglas Baker, DOC Deputy Assistant Secretary. Also, out of the four co-chairmen for the working group, a new co-chairman will be appointed after John Marks, San Francisco Convention & Visitors Bureau President & CEO retires.

>From Japan, Koji Shinmachi, Chairman of Japan Association of Travel Agents (JATA), and Minoru Nakamura, Chairman of Japan National Tourist Organization (JNTO), will join the working group. A total of 20 members from Japan will probably join the meeting in this time.

Since last year, sub-committees for Hawaii, Micronesia and mainland U.S. have discussed particular promotions to increase travel demands in the Japanese market. One of the promising ideas is Fly & Drive travel. The working group will discuss the particular ideas proposed by the sub-committees and promotional directions in the future.

The working group was established in August 2002, based on MOU signed by both of the Japanese and the U.S. governments in April 2002. MOU includes targets to increase Japanese visitors to the U.S. up to more than 5 million annually by 2006 and American visitors to Japan to 1 million annually by 2006 and to 1.3 million annually by 2010.

**KAL and AAR will largely increase flight services for Japan*

Based on the agreement at the bilateral aviation talks in December last year, Korean Airlines (KAL) and Asiana Airlines (AAR) have decided to increase flights and open new routes on their Japan routes. KAL will start serving four flights weekly on Seoul-Komatsu with B737-900 from March 27, two flights weekly on Jeju-Fukuoka with A300 from March 31, three flights weekly on Busan-Sapporo with B737-800 from June 1 and three flights weekly on Seoul-Hakodate with B737-900 from June 1. KAL will take over Seoul-Komatsu flights from JAL in the event.

Also, KAL will increase flight services on Seoul-Aomori from three flights weekly to four flights weekly on March 28 and on Seoul-Fukuoka from 14 flights weekly to 19 flights weekly from March 28. At the same time, it will extend its flight network between Jeju and Japan, as it has decided to increase flights on Jeju-Central Japan International Airport from three flights weekly to five flights weekly from March 26 and to offer daily flight services on Jeju-Narita and Jeju-Kansai International Airport.

AAR will open Seoul-Asahikawa flights and Busan-Hiroshima flights probably after this summer. It will change aircraft from A321 to larger B767 on its Seoul-Hiroshima route to meet demand after JAL suspended the flight service on the route. Also, the airline will increase flights on Seoul-Toyama route from three flights weekly to five flights weekly from April 15, on Seoul-Naha route from four flights weekly to five flights weekly from March 26 and on Seoul-Fukuoka route from seven flights weekly to 13 flights weekly from March 26. s

**ANA will welcome passengers with new services at Narita*

ANA announced on March 1 to begin new services for its and Star Alliance members' passengers at Narita Airport, when the South Wing of the first passenger terminal building opens on June 2 this year. The South Wing, about three times wider than before, will practically be the departure floor exclusive to Star Alliance under the concept of "Move under one roof." ANA, celebrating the 20th anniversary of the beginning of its international flight service, makes much of the project.

ANA will set up 126 self-service check-in machines for international flights, all of which will be used not only by ANA passengers but also by other Star Alliance members' passengers in the future. Baggage check-ins will also be installed near the self-service check-in machines.

Smart e-Service, which allows passengers to complete all ticketing and check-in procedures via computer or mobile phone, will be provided for international flights. Curbside check-in will also be available for passengers who reach Narita Airport by car or bus for the first time in Japan. Additionally ANA will introduce the in-line baggage screening system inside the terminal, which allows passengers to reduce waiting time.

One of the biggest advantages will be to reduce connecting time: from 110 minutes to 60 minutes on connection from a domestic flight to an international flight, from 130 minutes to 75 minutes on connection from an international flight to a domestic flight and from 110 minutes to 45 minutes on connection between international flights.

Baggage drop facilities will be set up after clearing customs, by which passengers transferring from international to domestic flights at the South Wing will no longer be required to all at the domestic departure counter for check-in of their baggage again. The system will be introduced for the first time in Japan.

ANA will offer two new departure lounges, each of which is approximately 3,000 square meters, at the 4th and 5th Satellites. The about twice wider new lounges than today will increase seats from 784 today to more than 1,000 in total. The lounges can be used by first and business class passengers, ANA Mileage Club Diamond, Platinum ANA Super Flyers card holders and Star Alliance Gold members. Also, ANA will offer an arrival lounge equipped with showers for the first time in Japan.

**JAL will begin express cargo business particularly for China*

Under the midterm corporate plan, JAL has hammered out a new cargo business strategy to start express cargo business with B767 particularly in the market of night cargo flights for China, which JAL regards as a promising business. JAL expects that it will deal with not only B to B cargo but also B to C or C to C cargo.

For the business plan, JAL will introduce three B767 freighters in FY 2007 and one more in FY2008. JAL also hopes that the business will have synergistic effects with the business of Galaxy Airlines, a start-up cargo operator, to which JAL invests, for the domestic night cargo flight market. JAL has never offered cargo express services before

**NAA hopes to start the 2nd runway extension project this summer*

Narita International Airport Co. (NAA) Senior Vice President Michio Kamiko recently said at a news conference that NAA hopes to start the northward extension project for the 2nd runway as early as this summer, earlier than the initial schedule, in which NAA planned to submit the project plan to the Ministry of Land, Infrastructure and Transport this summer. In the case of the temporary 2nd runway project before, the construction project practically started three months after the project plan was submitted to the Ministry.

NAA still discusses noise problem on the northward extension with the related local governments. At the same time, NAA is drawing up an idea for reduction of a project term to open the new runway by the end of FY2009.

Kamiko also revealed that NAA is advancing a refurbishment project for the second passenger terminal building, including creation of a large-scale shop area at D Zone of the main building and renewal of check-in islands for international flights. The extension work has been begun toward completion in around December this year. After that, a large-scale shop area will open as early as spring next year. Also, a large departure lounge will be provided at D Zone probably by JAL.

NAA will renew check-in islands step by step after ANA moves to the first passenger terminal building in June this year.

**New Kitakyushu Airport hopes large increase of users for large increase of seats*

Open of New Kitakyushu Airport on March 16 this year is expected to change the air transport market in northern Kyushu. Current Kitakyushu Airport handled 287,360 users for FY2004 on five flights daily for Haneda Airport, which are served by JAL with 134 seats MD87. According to the flight plans released by JAL and Star Flyer, start-up airline, these airlines will offer 2,303,150 seats in total annually, in other words, 6,310 seats daily, which are about five times more than today. When these airlines aim at load factor of 60% on average, they have to carry a total of 1,281,800 passengers, over four times more than today.

The optimistic forecast is based on new passenger demands possibly shifted from Fukuoka, Ube Yamaguchi or Oita airports and Shinkansen (bullet train). The new airport particularly expects large demand shift from Shinkansen, as passengers carried by Shinkansen on Kitakyushu-Tokyo route today account for 34.6% of all travelers. Also, improvement of road infrastructures to the new airport from major cities in Fukuoka Prefecture and neighboring prefectures will help increase of airport users.

One of the key factors to expand the market is start of new flight business by Star Flyer. The start-up airline plans to serve 12 flights daily from early morning to late night with 144 seats A320. The booking rates for the first business day and for March is 66% and 50% respectively at the moment, according to Star Flyer.

Meanwhile, JAL will serve five flight daily with larger aircraft on its Haneda and begin serving three flights daily with CRJ200 on its Nagoya route and one flight daily with B737 on its Naha route. The booking rates for the first business day and for March is less than 60% and about 40% respectively as of now.

Both airlines highly expect to collect business trip demand for Tokyo because production facilities of major manufacturers, such as Toyota, Nissan, Omron or Rohm, are located near the new airport.

Noteworthy points are how the new airport will be affected by the downslide of airfares on Fukuoka-Haneda route and increase of "Nozomi (Super Express Shinkansen)" on Hakata (main railway station in Fukuoka)-Tokyo route. More than 40 flights daily are offered on Fukuoka-Haneda route today, and in this coming April Skymark Airlines will begin serving flights at lower airfares on the route. The number of "Nozomi" Super Expresses will largely increase from 33 daily to 52 daily from March 18 this year

**Centrair was used by 11.9 million passengers for the first business year*

The latest air transport result of Central Japan International Airport or Centrair finds that the number of passengers for the first business year from February 2005 to January 2006 reached 11,868,793, out of which the number for the first 10 months of FY2005 (April 2005 to January 2006) was up 12% to 10,397,911, compared to the result at former Nagoya Airport a year ago.

The number of international flight passengers for the first business year was 5,078,123 on 33,993 take-offs and landings, and the number of domestic flight passengers for the same period was 6,790,600 on 66,952 take-offs and landings.

Centrair handled international cargos of 207,919 tons during the first business year from February 2005 to January 2006, which were broken down into 106,960 tons for loading and 100,959 tons for unloading.

Sales in the terminal for the first business year amounted to 28,861 million yen, out of which the amount for the first 10 months of FY2005 was 24,667 million yen, however the monthly sales amount has gradually decreased.