

Japan's Leading Tourism and Aviation Weekly

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Published every Monday by The WING Aviation Press (Koku Shimbun Sha).
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Subscription Rates: Overseas: One year \$ 215.00, Half year \$ 125.00
Domestic (including tax): One year 26,000 Yen, Half year 15,000 Yen

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****HIS has largely increased bookings of package tours for GW***

HIS survey finds that five days courses for beach resorts in Asia or in Micronesia, Hawaii and Asian cities are particularly preferred for the Golden Week season this year (April 26 to May 7). If you take two days off on May 1 and 2, you can take nine consecutive holidays from April 26 to May 7, and even though you work as usual, you can take five consecutive holidays at least from May 3 to May 7. Therefore, the busiest departure day will be May 3, according to HIS.

Expecting to expand demand for this coming Golden Week, HIS began selling its package tour product "Ciao" available for the period on December 29 last year, one month earlier than usual. As a result, HIS has received 45% more bookings so far than the same time a year ago.

Departures on May 3 are highly preferred for package tours to short-range overseas destinations, such as cities or beach resort in Asia, Hawaii or beach resorts in Micronesia, and departures on April 29 are preferred for those to long-range overseas destinations, such as America or Europe.

HIS says that it has received 50% more bookings for short-range overseas destinations so far than those a year ago. Bookings for Cebu, Hong Kong or Taipei, which were out of the top 10 popular destinations for the last Golden Week, are increasing as well.

Also, bookings of package tours using business classes for short-range overseas destinations are remarkably increasing. HIS analyzes that increase of high-end customers may represent well recovery of Japanese economy.

For this coming Golden Week, HIS will increase charter flights from four last year to six this year particularly for Cebu, Saipan and Seoul and is selling package tours for Hainan of China using direct charter flights.

The busiest departure days in order:

1. May 3
2. April 29
3. May 2
4. April 28
5. April 27

Preferred destinations in order of bookings:

1. Hawaii
2. Guam
3. Bangkok
4. Seoul
5. Bali
6. Cebu
7. Paris
8. Hong Kong
9. New York
10. Taipei

**R&C Tours strengthens sales of land packages for FIT*

Yoshikazu Asao, manager of Micronesia and Asia Division of R&C Tours (Photo), said at an interview with the Wing Travel Weekly, “We will further strengthen sales of land package products for FIT at the same time as we make efforts to raise unit price and to collect higher-grade customers, as we cannot expect large increase of customers under the current condition that seat availability on resort flights is lowering.”



R&C Tours collects around 100 customers for its land package products in Guam and Saipan monthly on average. It expects that the demand will grow further partially because airlines are emphasizing sales of PEX airfares. In addition to selling land package products on its website, R&C Tours will begin online selling of those products in earnest by tying up with several online travel booking sites, which R&C Tours expects will be strong PR to general consumers.

Asao said, “It is first necessary for us to let general consumers know how land package products can benefit them.” Hotel of land package is more convenient and cheaper than hotel booked by individual because it can be applicable to package rate.

Also, R&C Tours is planning to begin marketing dynamic package products, particularly focusing on mainland America and the high-grade market in Guam or Saipan. The package tour market of Guam is very mature, however it is true that dynamic package can cover high-grade products, such as suite room products, which does not have demand enough to be commercialized as general package tour. Asao said, “If we offer a luxurious dynamic package in Guam at 200,000 yen or 300,000 yen, we can find a certain number of customers who want such a product.”

On the other hand, Asao pointed out that Guam does not have high-grade facilities enough to compete with those in Asian resorts. It is necessary to upgrade not only hardware but also software including human services in Guam, Asao added, “We travel agents need to make efforts to sell high grade products, and at the same time local travel industries have to make efforts to bring up the high-grade market.”

+Increasing sales of high-grade hotel products

R&C Tours has emphasized its business on sales of high-grade products since 2002 to normalize the price-collapsing market after the 9.11 terrorist attacks. As a result, it succeeds in raising a share of high-grade hotel products to 65% of all products. Also, R&C Tours has recently increase business class customers, as the number of customers for Guam and Saipan who choose business classes of Northwest Airlines or Continental Airlines has increased from 400 monthly before to 500 monthly for the past several months. Only for Guam, 300 to 400 customers use business class monthly on average, according to R&C Tours.

Asao said, "The market price should be normalized until completions of the Narita 2nd runway extension and the Haneda re-expansion program in 2009. It is time to rebuild a profitable market enough for airlines to increase seat supplies again."

R&C Tours was affiliated with JTB in February this year. Asao said, "Our business style dose not change. Our core business is still land operation to supply high quality services and products to business partners. We bear a heavy responsibility as one of JTB Group, but we hold our business model as before."

**Cruise Vacations is focusing on the luxury market*

Cruise Vacations President Eiko Kijima (Photo) said at an interview with the Wing Travel Weekly, "We are expanding the business for Princess Cruises that is well known by Japanese. We are going to make efforts to sell products of Regent Seven Seas or Cunard to the luxury market particularly, such as senior travelers or cruise repeaters who have rich and leisurely lives."



The company is a general sales agent (GSA) in Japan for Princess Cruises, Regent Seven Seas Cruises, Cunard, P&O Cruises and Discovery World Cruises, offering a wide variety of cruise products from premium class to luxury class.

Crown Princess (116,000 tons, a capacity of 3,118 passengers) of Princess Cruises will enter service in June this year, and Queen Victoria (90,000 tons, a capacity of 2,000 passengers) of Cunard will debut in December 2007.

The prestigious cruise ship Queen Elizabeth 2 will visit ports of Kobe and Kagoshima in March this year and port of Tokyo in March next year. Kijima said, "When the cruise ship visits Japan, general consumers will have chances to see it. It will encourage them to have dreams to travel the world by such a cruise ship someday." This Year is defined as 'Cruise Year 2006' by Japan Association of Travel Agents (JATA).

Kijima mentioned the business for Princess Cruises: "Popular destinations are Alaska or Europe in summer and Mexico, Australia or New Zealand in winter. Cruise products for Mexico are particularly preferred by honeymooners or cruise beginners because of the convenient itineraries based on Los Angeles." Cruise Vacations appeals Fly & Cruise as one of the cruise experiences.

+Need to encourage travelers to make early booking

The cruise market in Europe or America is now growing. Kijima said, "Rooms can be occupied half year or one year before departure. As Japanese travelers are generally slow to book cruises, it may well be that rooms are not available for them even though we begin marketing products early." To encourage potential Japanese travelers to make early bookings, Cruise Vacations provides discount services for early bookings and "cancellation fee exemption program" for products of Princess Cruises. Such services may help potential travelers feel free to book cruise early, Kijima said.

Kijima said, "It is ideal that you experience short cruise first and then try long cruise. I believe once you experience short cruise, you will absolutely seek a chance for long voyage." Educational trip can also be a new potential market, Kijima added.

Cruise Vacations plans to give general consumers chances to see cabins of foreign cruise ships when they visit Japan and to host cruise seminars nationwide in order to appeal cruise as a new form of overseas travels widely.

**NAA does not specify particular goal for listing its stocks in its midterm plan*

Narita International Airport Co. (NAA) released "New Stage 2010," a new midterm corporate plan from FY2006 to FY2010, on March 23, however it does not specify a particular goal for listing its stocks in the midterm plan. It just mentions "as soon as possible."

Under the midterm corporate plan, NAA aims at consolidated operating revenue of more than 200 billion yen, non-consolidated operating profit of more than 38 billion yen, non-consolidated free cash flow of more than 25 billion yen and capital adequacy ratio of over 22% for FY2010.

The investment plan calls for a total of 270 billion yen for the period, which are mainly classified into 120 billion yen for development of airport infrastructures, including extension of the B runway to 2,500 meters, 92 billion yen for improvement of safety systems, including upgrade to Category III b operation and development of inline screening system, and 58 billion yen for other developments, including financial support to the new railway system, development of boarding bridges for A380 and modification of the 2nd passenger terminal building.

NAA will particularly focus on infrastructure developments to meet increasing air traffic demand and on financial enhancement through efforts to increase revenue and to reduce cost. Also, NAA will keep driving the eco-airport project for an environment-friendly airport.

**Narita reduced foreign passengers for February*

Narita International Airport Co. (NAA) preliminarily reported on March 23 that the number of passengers for February this year was down 2% to 2,399,589 over the same month last year. Narita handled 2,319,606 international flight passengers for February this year, 2% fewer than a year ago, which were broken down into 1,464,662 Japanese passengers (down 1%), 611,132 foreign passengers (down 3%) and 243,812 transits (down 3%). The monthly reduction of foreign passengers was for the first time since August last year. The number of domestic flight passengers largely decreased by 9% to 79,983 compared to a year ago.

The number of take-offs and landings for February this year was down 1% to 14,204 times over the same month last year, which were divided into 13,300 times for international flights (down 1%) and 904 times for domestic flights (down 6%).

**Kansai has no visible influence from the open of Kobe Airport so far*

Kansai International Airport Co. Executive Vice President Tadakuni Hirano said at a news conference on March 17 that the airport has have no visible influence from the open of Kobe Airport on February 16 this year. However, he understands that the airport will suffer reduction of domestic flights from April this year, when Skymark Airlines suspends its Haneda-Kansai International flights. The number of Haneda-Kansai International flights will reduce from 18 return flights daily today to 15 return flights daily after April, which will be close to 11 return flights daily on Haneda-Kobe route.

On the assumption that air traffic volume in the Kansai area does not change and also that Kobe Airport handles 3.19 million passengers annually as Kobe City estimates, Kansai International is expected to reduce its traffic share in the Kansai area from 18% for 2004 to 16% after Kobe Airport opens, while Kobe Airport is expected to have a share of 13%. Itami Airport is also expected to reduce its traffic share from 82% for 2004 to 71% after Kobe Airport opens.

However, Hirano said that the estimation will not come true because Kobe Airport seems to be hard to handle 3.19 million passengers annually.

It is true that business environment surrounding Kansai International has not been optimistic since Kobe Airport opened. Hirano showed that the number of take-offs and landings for the full year of FY2005 ending March 31 this year would be below the initial goal of 116,000 times. As of the end of February, the number totaled 103,200 times. Even though the number of take-offs and landings for March this year is 8,878 times, the same as a year ago, the total number of the full year of FY2005 may reach 112,078 times. It may be difficult for the airport to achieve its target of 130,000 take-offs and landings for FY2007.

**Finnair will add one more flight on its Kansai route*

Finnair has decided to increase its Helsinki-Kansai International flights from five flights weekly today to six flights weekly from July this year. This is one of the airline's business strategy to strengthen its Asia routes.

At the same time, Finnair recently announced to have made a code-sharing agreement with Pulkovo Airlines of Russia on Helsinki-Saint Petersburg route. Both airlines serve one flight daily respectively on the route, and Finnair will add three flights weekly from this coming May, thus the code-sharing agreement will cover a total of 17 flights weekly.

Pulkovo serves seasonal charter flights to Japan from its base Saint Petersburg. Finnair expects that the code-sharing agreement will improve flight connections between Japan and Saint Petersburg via Helsinki.

**JAL suffered large reduction of domestic passengers for February*

The Ministry of Land, Infrastructure and Transport recently released domestic air traffic result for February this year, reporting that JAL (JAL International, JAL Domestic, J-Air) decreased its domestic flight passengers by 7.4% to 2,820,457 over the same month last year. It was the largest monthly reduction for JAL for the second half of FY2005.

The total number of domestic flight passengers for February 2006 was down 1.4% to 6,919,612 compared to a year ago. The average load factor was 63.3%. In contrast with the JAL's large reduction, ANA slightly decreased its domestic flight passengers by 0.4% to 3,274,665 compared to a year ago. JAL particularly suffered 9.1% reduction of passengers on its trunk routes.

On the contrary, Japan Transocean Air (JTA), one of the JAL Group, succeeded in increasing its passengers for February this year by 3.8% to 206,298 over the same month 2005 due to the high popularity of Okinawa among tourists.

The followings are monthly passenger results by airline:

JAL = 2,820,457 (down 7.4%), comprising 1,382,314 on trunk routes (down 9.1%) and 1,438,143 on local routes (down 5.7%)

ANA = 3,274,665 (down 0.4%), comprising 1,348,538 on trunk routes (down 0.1%) and 1,926,127 on local routes (down 0.1%)

JTA = 206,298 (up 3.8%), comprising 19,824 on trunk routes (down 1.5%) and 186,474 on local routes (up 4.4%)

Skymark Airlines = 192,525 (up 39.4%), comprising 117,199 on trunk routes (up 33.5%) and 75,326 on local routes (up 49.6%)

Hokkaido International Airlines = 150,769 (up 34.9%), comprising 100,287 on trunk routes (up 6.1%) and 50,482 on local routes (up 191.8%)

Skynet Asia Airways = 69,496 on local routes (up 29.9%)

Japan Air Commuter = 102,030 on local routes (up 4.1%)

JAL Express = 103,372 on local routes (up 21.5%)

**JAL air transport result for January 2006*

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

Passengers = 1,178,057 (91.3%)

RPK = 5,592,057 thousand passenger kilometers (93.3%)

ASK = 7,800,924 thousand seat kilometers (92.0%)

Load factor = 71.7%

<Results by destination>

Trans-Pacific routes

Passengers = 283,889 (96.1%)

RPK = 2,184,977 thousand passenger kilometers (96.6%)

ASK = 2,716,043 thousand seat kilometers (93.7%)

Load factor = 80.4%

Europe routes

Passengers = 109,610 (90.5%)

RPK = 1,018,385 thousand passenger kilometers (90.8%)

ASK = 1,594,908 thousand seat kilometers (94.0%)

Load factor = 63.9%

Southeast Asia routes

Passengers = 369,642 (96.4%)

RPK = 1,271,468 thousand passenger kilometers (97.8%)

ASK = 1,908,113 thousand seat kilometers (90.3%)

Load factor = 66.6%

Oceania routes

Passengers = 81,317 (91.6%)
RPK = 567,875 thousand passenger kilometers (91.3%)
ASK = 665,238 thousand seat kilometers (90.7%)
Load factor = 85.4%

Guam

Passengers = 62,543 (59.0%)
RPK = 159,779 thousand passenger kilometers (60.4%)
ASK = 195,122 thousand seat kilometers (58.4%)
Load factor = 81.9%

Korea routes

Passengers = 139,436 (95.2%)
RPK = 144,355 thousand passenger kilometers (97.6%)
ASK = 222,845 thousand seat kilometers (114.3%)
Load factor = 64.8%

China routes

Passengers = 131,620 (88.6%)
RPK = 245,217 thousand passenger kilometers (88.9%)
ASK = 498,654 thousand seat kilometers (98.4%)
Load factor = 49.2%

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

Passengers = 3,318,879 (96.8%)
RPK = 2,523,403 thousand passenger kilometers (97.5%)
ASK = 4,315,266 thousand seat kilometers (97.3%)
Load factor = 58.5%

**Two accused air traffic controllers were sentenced to innocence for JAL's near-collision*

On March 20, Tokyo District Court handed down a not guilty sentence to two air traffic controllers who had been prosecuted on a charge of professional negligence resulting in injury for the JAL's near-collision incident on January 31 2001. It was the incident that JAL907 (B747-400 from Haneda to Naha) and JAL 958 (DC-10 from Busan to Narita) unusually had a near midair collision at a distance of about 100 meters between the two aircraft over Yaizu City, Shizuoka Prefecture. As a result of the JAL907's diving to avoid collision, seven passengers and two flight attendants suffered serious injury, and 81 passengers and ten flight attendants suffered minor injury.

As the near-collision incident resulted from the wrong call of flight number by a trainee air traffic controller, the Tokyo District Public Prosecutors Office indicted the trainee and a trainer who took care of the trainee on a charge of professional negligence resulting in injury.

The investigation report, which was released by Aircraft and Railway Accidents Investigation Commission in July 2002, found that the trainee confused the climbing JAL907 with the cruising JAL958, and the trainer did not take notice of his mistake at all. To make matters worse, the JAL907 pilot controlled the aircraft for descent by following the direction from the trainee, not following the TCAS direction that showed climbing. As a result, the two aircraft unusually approached each other, and the JAL907 was forced to make sudden descent to avoid midair collision.

Although Tokyo District Court said that it was inappropriate for the trainee to instruct descent to the JAL907, not to the JAL958, it said that it is not appropriate to pursue the trainee's legal responsibility for foreseeing what would happen because the trainee could not confirm the TCAS instruction on the air traffic radar display. Also, the Court indicated that it was not clear at that time which TCAS instruction or air traffic controller's instruction a pilot should follow first. Today a rule clearly requires that TCAS instruction must come first before anything.