

Japan's Leading Tourism and Aviation Weekly

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This Week Headline

- *The Ministry Deputy Director-General recognizes foreign visitors are hard to reach the annual goal ... 1
- *Rakuten-ANA Travel Online provides over 10,000 accommodations 2
- *Tourism promotion for Myanmar gets on the move in Japan 3
- *JAL and ANA will reduce fuel surcharges on international flights next January 3
- *ANA strengthens domestic E-ticketing service as well as international interline 4
- *Vladivostok Air made a good start with 70% load factor on New Kitakyushu flights 4
- *Result of domestic transport in the first half of FY2006 shows big rise in passengers on local routes ..5
- *Hiroshima resulted in double-digit growth of international flight passengers 5

****The Ministry Deputy Director-General recognizes foreign visitors are hard to reach the annual goal***

Kosuke Shibata, the Ministry of Land, Infrastructure and Transport Deputy Director-General for General Tourism Policy, mentioned forecast of foreign visitors for 2006 at a news conference: "It is difficult to achieve the goal of 7.5 million foreign visitors for 2006 with the current monthly growth trend. The annual number will probably be 7.2 million. However, we will keep making every effort to increase foreign visitors to Japan as many as possible." He particularly expects that 20% increase of air transport volume between Japan and China, which is effective from the end of October this year, will encourage Chinese tourists to visit Japan.

The number of Korean visitors to Japan is likely to reach 2 million this year for the first time. Shibata revealed that the Ministry would soon announce a tourism event to celebrate achievement of 2 million Korean visitors.

The future goal is to receive 10 million foreign visitors by 2010, for which the Ministry has the road map to achieve 7.5 million in 2006 and 9 million in 2008. If annual growth of 11.7% can be ensured for two years from 2007 to 2008, the goal of 9 million in 2009 will be accomplished. "It is not a easy goal, but it is never an impossible goal," Shibata said.

For success of the road map, Shibata explained that it is necessary to make careful invitation plans best suited to each market's characteristics, especially focusing on attracting international conventions in cooperation with the related ministries.

Also, Shibata highly expects that the tourism exchanges will further expand between Japan and China if Haneda-Hongqiao charter flights are realized, although both airports have issues to be solved, such as departure slots. The charter flights are expected to start next spring at the earliest.

One of the keys for increase of Chinese visitors is to expand Japanese diplomatic offices in China to issue group tourist

visa. In August this year, Consulate General of Chongqing started issuing group tourist visa, in addition to Embassy of Japan in Beijing, Consulate Generals of Shanghai and of Guangzhou, and Shibata hopes that Consulate General of Shenyang can issue visa as well.

The number of Chinese visitors in groups to Japan for the first ten months of 2006 amazingly increased by 98.7% to 98,161 over the same period last year, already exceeding the annual result of 58,244 in 2005. With the current growth trend, the number of those may be more than 100,000. The large increase is undoubtedly boosted by the Japanese government's decision in July last year to issue group tourist visa over the whole China, though the places of issue are still limited.

The followings are monthly results of Chinese visitors in groups:

January = 3,036 (up 30.2%)

February = 10,854 (down 10.7%)

March = 2,966 (up 52.7%)

April = 9,458 (up 75.1%)

May = 9,485 (up 116%)

June = 6,087 (up 186%)

July = 15,345 (up 197.4%)

August = 19,381 (up 166.9%)

September = 9,251 (up 208.4%)

October = 12,298 (up 118.3%)

**Rakuten-ANA Travel Online provides over 10,000 accommodations*

Rakuten-ANA Travel Online, established by joint investment by ANA and Rakuten, started selling 'ANA-Raku Pack (Package)' in which customers are able to combine domestic flights and registered hotels and lodgings on their own. The number of registered accommodations has been totaled to over 10,000 and is targeted to double in the future.

Toshihiko Adachi, President, delegated from ANA, commented on 'ANA-Raku Pack,' "We would like to provide users with travels that they can create their own, not like the ones we used to impose upon customers."

Some of the 'ANA-Raku Pack' products are provided with additional services such as rent-a-car service and theme park tickets other than the packages of plane tickets and accommodations. Also, The campaigns for the sales kick-off on October 24 this year have been conducted in Okinawa and many other places.

Adachi stressed, "We have just started, and we will continue exploring the new products with various measures. We will provide the packages in connection with ANA's campaign products such as Hokkaido Ski Campaign, and also make efforts for expanding the leisure market in Japan."

Making the most of its strength in Internet, Rakuten-ANA Travel Online will also plan and develop the products combined with ANA's 'local to local' routes, not only focus on the demands in big cities in metropolitan and Osaka areas.

The merit of the dynamic package, 'ANA-Raku Pack,' is that reservations of both domestic flights for ANA and accommodations are directly connected through computer systems. That enables the accommodations providers to easily control the prices of vacant rooms available for the packages. For example, just one suite room can make a package product.

Adachi said, "We would like to give our users the first impression that ANA-Raku Pack has great deal of choices." Also, Vice President Koichi Nakamura commented, "The travel industry and PC are closely linked each other, and that will be more favorable wind to our business in the future."

Rakuten-ANA Travel Online has been planning the service on a mobile basis as the second stage. The company's goal is to earn gross sales of 20 billion yen in a few years.

**Tourism promotion for Myanmar gets on the move in Japan*

Myanmar-Japan Tourism Promotion Committee (MJTC) has recently been launched with the initial goal of 100,000 Japanese visitors to the Southeast country annually. To achieve the goal, the Committee has agreed to encourage the Myanmar government to improve the tourism administration and to ask for the travel industry's cooperation in Japan. The inaugural meeting was held at Embassy of Myanmar in Tokyo on October 31, joined by several key persons from the travel industry of Japan.

Myanmar Ambassador to Japan U Hla Myint said, "We have a lot of tourism resources in Myanmar. Also, we have long friendship with Japan. I hope that my country will become the most popular tourist destination among ASEAN countries for Japanese." According to the statistics, the number of foreign visitors to Myanmar for 2005 reached 232,000 approximately, out of which Japanese visitors were 19,584. Japanese repeaters accounted for about 40% of the annual total. When ANA served direct flights to Myanmar before, the annual number of Japanese visitors reached 38,000 approximately.

MJTC understands that the largest issues for expansion of the market are flight connection and visa waiver. However, it is actually difficult for an airline to serve even charter flights, before open of scheduled flight service, between the Tokyo Metropolitan area, practically Narita or Haneda, and Myanmar due to the limited departure slots. The first step will probably be charter flight services from local cities of Japan, and through such services tourism promotion can be extended in the beginning, MJTC said.

In the Myanmar side, Myanmar Airways International (MAI) allegedly aims to serve direct charter flights for Japan early next year and to operate scheduled flights between Yangon and Kansai International Airport in the near future. Also, Air Bagan, which has already started international flight services with two A310s, plans to begin serving Bangkok and Singapore flights next January and considers Korea or Japan as the next international destination.

Visa waiver is realistically a difficult issue, as Myanmar still obliges even ASEAN visitors to acquire entry visas. MJTC proposed "on arrival visa" to the Embassy, however it seems to take a time to make it come true because a new terminal of Yangon International Airport is now under construction. The Ambassador said that the Embassy would make efforts to issue visa more easily and quickly.

At the same time, MJTC recognizes that it is important to make a branding for Myanmar because the country's tourism is not introduced on media so much, compared to other ASEAN countries, though it actually has rich tourism resources.

**JAL and ANA will reduce fuel surcharges on international flights next January*

JAL and ANA have decided to reduce fuel surcharges on their international flights, depending on the current downward trend of oil price on a Singapore Kerosene basis. The reduction will be effective to international air tickets on January 1 next year. However, several foreign airlines serving flights to Japan will carry out reduction of fuel surcharges on November 1 or December 1 at the latest.

Toward New Year holidays season, fuel surcharges will be different between foreign airlines and Japanese airlines. Regarding that, Civil Aviation Bureau Director General Hisayasu Suzuki said, "The timing of reducing fuel surcharges basically depends on each airline's judgment, like when it began introducing fuel surcharge."

A basic condition for JAL and ANA to revise fuel surcharges is that the Singapore Kerosene market price is below the designated price of \$80 per barrel for 30 consecutive business days, when the market price is checked on day of 10th every month. When the market price is below \$40 per barrel, the current surcharges will be suspended.

The followings are details of surcharge movements this year:

Korea = 1,300 yen, 2,000 yen, 1,800 yen (from next January)

China = 3,000 yen, 4,800 yen, 4,300 yen (from next January)

Hong Kong = 1,800 yen, 6,000 yen, 5,400 yen (from next January)
 Philippine, Taiwan, Guam and Vietnam = 3,900 yen, 6,000 yen, 5,400 yen (from next January)
 Thailand, Malaysia, Singapore, Indonesia and India = 6,500 yen, 10,000 yen, 8,900 yen (from next January)
 Hawaii = 8,000 yen, 10,000 yen, 8,900 yen (from next January)
 North America, Europe, Middle East and Oceania = 8,000 yen, 13,600 yen, 13,000 yen (from next January)
 Brazil = 11,500 yen, 17,100 yen, 16,500 yen (from next January)

In the meantime, Korean Airlines, Philippine Airlines and Eva Airways have reduced fuel surcharges since November 1 this year, and Asiana Airlines, Singapore Airlines and Continental Airlines have already applied for reduction of fuel surcharges for their international flights from December 1 this year.

**ANA strengthens domestic E-ticketing service as well as international interline*

Starting on October 31 this year, ANA expanded the E-ticketing service from currently available 21 domestic routes to 57 routes joining 15 airports in Japan. Also, E-ticketing will be available for all ANA's domestic flights with international connections by the end of FY2006. At present, about half of ANA's international ticketing is handled by E-ticketing, and ANA intends to expand further Interline partnership to offer E-ticketing service for all of the international flights by the end of 2007, which is IATA's goal as well.

The distinctive merit of the expansion is that E-ticketing became available for more domestic routes to and from Haneda; it had only been available for Haneda-Kansai route, but now Chitose, Komatsu, Itami, Hiroshima, Fukuoka, Nagasaki, Miyazaki, Kagoshima, Okinawa have been added as destinations joining Haneda. This means that E-ticketing for the said routes is also possible through ANA's interline partners; for instance, E-ticketing is available through Lufthansa Airlines (DLH) for the DLH flight from Frankfurt to Narita and ANA connecting flight from Haneda to Fukuoka.

In a further interline extension, by early November, the number of ANA's airline partners that ANA customers can use E-tickets will increase to 23. The new partners are SAS, Spanair, Blue One, and South African Airways.

Also, on October 11 this year, ANA became the first Japanese carrier to offer E-ticketing for children at children's rate.

**Vladivostok Air made a good start with 70% load factor on New Kitakyushu flights*

Starting serving seasonal scheduled flights between Vladivostok of Russia and New Kitakyushu Airport in August this year, Vladivostok Air successfully resulted in load factor of 70% approximately in both August and September. The airline is planning to serve the flights next summer as well. Also, it hopes to increase direct charter flights between Japan and Kamchatka next year, as it succeeded in the charter business.

In August and September this year, the airline served a total of 11 return flights between Vladivostok and New Kitakyushu. The flights were particularly used by group travelers and tours packaged Kamchatka, Moscow and St. Petersburg. The airline hopes that more business passenger demands will extend the operational period of the flight services.

Vladivostok Air also served almost one direct charter flight a week between Kamchatka and Narita International Airport and Kansai International Airport in July and August this year, which were the first trial for the airline. Kamchatka Peninsular, designated as UNESCO World Heritage, is getting popular among senior Japanese tourists particularly. The load factor of the charters for Kamchatka was 97% on average, the airline said.

The airline will probably offer more charter services next summer than a total of 20 flights this summer, including charters for Vladivostok or from local cities of Japan.

