

**Japan's Leading Tourism and Aviation Weekly**

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***This Week Headline***

*The travel industry strongly objects the IATA's decision on VOID limitation .....	1
*JTB survey finds Hawaii is still the most popular destination for honeymoon .....	2
*Colorado tourism mission visits Japan first to make the State better known .....	2
*ANA follows JAL to cut air ticket commission to 5% .....	3
*UAL new service for Washington DC forms part of its hub developments .....	3
+Narita-Denver service is highly possible, but need to overcome the aircraft matter .....	4
*Narita winter schedule 2006/2007-record-breaking 3,695 Flights .....	4
*Kansai to handle the most flights ever for this winter schedule .....	4
*Narita reached monthly record-high foreign passengers in September .....	5
*ANA will introduce another two B767-300BCFs .....	5

***\*The travel industry strongly objects the IATA's decision on VOID limitation***

International Air Transportation Association (IATA-Japan) recently notified the travel industry that VOID for international air tickets will be valid on day of ticketing only within this year. However, the travel industry has strongly objected the IATA's decision because larger financial and operational burdens will probably be imposed on the industry under the system. For the VOID system, which is called "SAME DAY VOID," the travel industry estimates additional costs at 4 to 5 billion yen annually and additional business hours at 25,000 hours annually.

Japan Association Travel Agents (JATA) held a senior meeting on October 26 to decide to hand out a letter of protest to IATA-Japan, claiming that the system should be introduced step by step and must be functioned in accordance with business environment of Japan.

IATA-Japan pushes "SAME DAY VOID," relying on global standard, however JATA says that the Japanese market is quite different from other markets in that 90% of all international air tickets are sold through IATA agencies. Accordingly JATA asserts that it is necessary for IATA-Japan to have a prior discussion with the travel industry of Japan, considering the unique relation between the travel industry and the airline industry in Japan.

"SAME DAY VOID" permits VOID on day of ticketing only, and a ticket issued on other days will be treated as REFUND if it is canceled. In that case, when an airline changes its flight schedule according to its convenience, a travel company has to take care of REFUND for a ticket of the changed flight and bear a cancellation fee of about 10,000 yen per ticket. Also, air ticket can be charged on day of ticketing, while REFUND may be effective three months later. The travel industry never accepts the scheme.

JATA emphasizes that it is crucial for IATA to establish equal relationship between airlines and IATA agencies for mutual benefits, not master-servant relationship.

*\*JTB survey finds Hawaii is still the most popular destination for honeymoon*

The JTB's survey on LOOK JTB honeymoon products for this autumn finds that Hawaii is still the most popular destination with a 34% share for nine consecutive years, followed by Oceania (a 22% share) and Europe (a 19% share). The survey also shows that Hawaii overwhelms other destinations with a 52% share in terms of overseas wedding, followed by Micronesia (a 29% share) and Oceania (a 14% share). JTB says that Hawaii is always preferred by both honeymooners and wedding couples primarily because of no language barrier and security problem.

It is noteworthy that more honeymooners for Hawaii enjoy cruising each islands or making short trips to Maui or Big Island. In Australia, Ayers Rock or resort destinations, such as Hamilton Island, is preferred. In Europe, the most popular destination for honeymooners is Italy, where they enjoy shopping or sightseeing.

With regard to trip days, the best seller is eight-days product with a 30% share followed by six-days with a 25% share and seven-days with a 23% share. A share of more than nine-days products decrease to about 10% in this survey from about 30% in the 1996 survey.

The average honeymoon expenses per person are as follows (compared to the same period last year)

Hawaii = 226,916 yen (up 0.8%)

Micronesia = 138,416 yen (up 14%)

Mainland America = 264,626 yen (up 9.7%)

Europe = 316,129 yen (up 1.3%)

Asia = 225,099 yen (up 17.1%)

China = 144,333 yen (up 17.9%)

Oceania = 299,355 yen (up 2.7%)

Total average = 253,683 yen (up 3.6%)

For overseas wedding, popular destinations vary by region, as a share of Guam increases by 10 points to 39% this autumn in Chubu region, compared to a year ago, because direct flights between Central Japan International Airport and Guam are frequently served.

The average wedding expenses per person by region are 126,924 yen in East Japan, 132,712 yen in Chubu and 125,935 yen in West Japan.

The highest season for overseas wedding is autumn (October and November) probably because of suitable local weathers for wedding, more national holidays in Japan and relatively reasonable airfares and product prices, according to JTB.

*\*Colorado tourism mission visits Japan first to make the State better known*

The Colorado tourism mission, joined by six organizations and nine members, visited Japan for the first time to make the State better known as a tourist destination. Jane Buck, Vice President Denver Metro Convention and Visitors Bureau (DMCVB), said at a news conference that this is the first step for tourism promotions in the Japanese market.

Four organizations of DMCVB, Denver Economic and Development Bureau, Denver International Airport and Colorado Ski Country USA jointly launched a marketing office in Japan in April this year to begin full-scale promotional activities.

Colorado receives 32,000 Japanese visitors approximately a year, which represents the fourth largest international market. Regarding active seniors, office ladies or skiers as main targets, the State aims to receive 20% more Japanese visitors for the next year. The mission appealed that Colorado can offer a variety of tourist attractions through a year, not only for skiing but also for other outdoor activities, expecting that the State will become a new tourist destination in America for Japanese.

According to the survey by Colorado Ski Country USA, the number of Japanese visitors to 26 ski resorts managed by the organization resulted in 38.4% growth in the 2005/2006 winter season (November 2005 to April 2006), compared to a

year ago. The growth rate was the highest in the international market.

Developing sales activities for travel companies of Japan in this mission, the members had some leads from them. As a matter of fact, several SIT travel companies try to produce package products for ski or hiking in Colorado, in addition to some of major whole sellers.

Denver International Airport revealed that it has discussed ANA or United Airlines for the future direct flight service between Japan and Denver. Before that, it is probable that charter flight services will be provided.

### *\*ANA follows JAL to cut air ticket commission to 5%*

ANA has decided to cut the commission rate on its international air tickets for travel companies from 7% today to 5%, following JAL. The new commission will be effective to all of its international air tickets sold from April 1 next year. Northwest Airlines already began 5% commission on September 1 this year, followed by United Airlines, Continental Airlines, American Airlines and Delta Airlines on October 1 this year.

### *\*UAL new service for Washington DC forms part of its hub developments*

Mark Schwab, Vice President Pacific United Airlines (UAL), emphasized at a press conference for entering its new service between Narita and Washington DC (Dulles International Airport) in Tokyo, "Our new service connects two significant hub airports. Providing the best connection by the new service will lead to the further development for both of the hub airports," showing high expectation towards the increase of demands in both business and leisure fields.



Washington DC Dulles International Airport is one of the UAL's hub airports in the U.S., and passengers flying from Narita can connect to 137 flights to 49 cities. Schwab said, "Immigration and customs are located within the arrival terminal which makes connection process convenient. Washington DC has been the hub airport mainly for the flights to Europe. Now we will set forth our strategy for DC towards global hub airport with the new service to Narita in addition to the operations to South America that we began two years ago." In fact, UAL is further planning to start services to Kuwait for the first time as an US airline, Beijing and Rome.

Schwab anticipates high demands in both business and leisure perspectives. "DC is not only famous for governmental visitors, but there is also one of the world's major high-tech industrial area in DC's suburban area, and DC is a big tourist spot as it has the second most tourists domestically, and internationally Japan is the third largest country to send tourists to DC. We believe the non-stop flight from Narita will bring more visitors to DC."

While the new service between Narita and DC started on October 28 this year, UAL has suspended the service between Narita and New York (JFK) and one of the two flights a day between Narita and Seoul (Incheon).

On the other hand, UAL is planning to restart the service between Taipei and San Francisco in next April. Instead, Schwab indicated, "We need to consider the existing feeder flights, such as Narita-Taipei and Central Japan International Airport-Taipei, and we hope to serve non-stop service between Seoul and San Francisco and between Taipei and San Francisco. However, we would like to continue the services between Narita and the US gateway cities other than San Francisco."

Schwab emphasizes that UAL's interest in Narita as hub airport remains the same even though its policy seems to be shifted to providing more non-stop operations between US and Asia rather than services via Narita. "Our alliance partner, ANA has been expanding the destinations beyond Narita; for instance, ANA will begin the new service from Narita to Okinawa in November. ANA has been such an important partner to us since our customers can have more chances to travel within Japan."

## +Narita-Denver service is highly possible, but need to overcome the aircraft matter

UAL has been positive about operating non-stop flight between Narita and Denver as having been requested by the Colorado tourism mission, which recently visited Japan for development of tourism promotions. Schwab explained, "Among our five hub airports, Denver is the only hub airport which does not have service to Japan. It is logical for our strategy to have the service between our two hub airports, Narita and Denver. Yet Denver International Airport is located at high altitude, and that creates difficulty in aircraft management. Suppose departing from Denver to Narita, only B747-400 aircraft in our fleet is able to take off with full load including cargo, but it would be an oversupply with this aircraft."

### *\*Narita winter schedule 2006/2007-record-breaking 3,695 Flights*

The number of weekly aircraft movements of the winter schedule in 2006/2007 at Narita International Airport has increased to 3,695 times, 162 times more than the summer schedule in 2006 according to Narita International Airport Co. (NAA)'s announcement on October 26. This is the highest number in the past as unused slots originally allotted for domestic flights (20 slots/day, 140 slots/week) were portioned out for international use; i.e., 146 slots/day (20 slots increased) for international flights, and 30 slots/day (20 slots decreased) for domestic flights, and that leads to airlines' decisions to increase their international flights.

The breakdown in terms of international/domestic is as follows; the winter schedule in 2006 shows that the international passenger flights increased to 2,878 flights, 107 flights more than the summer schedule in 2006, and the international cargo flights increased to 565 flights, 41 flights more than the summer counterpart. The total number of international flights came to 3,443 flights, 148 flights increased. Also, domestic flights increased to 252 flights, 14 flights more than the summer schedule in 2006. All together, it came to 3,695 flights (528 flights a day on average), 162 flights (23 flights a day on average) increased compared to the summer schedule in 2006.

The airline-wise breakdown shows that JAL Ways has the most increasing number of flights (56 more flights per week). ANA has added 42 more flights, Air China has increased 30 more flights, and Northwest Airlines now has 13 more flights per week. On the other hand, American Airlines has decreased 12 flights, United Airlines has 14 less, and JAL International has 18 less flight per week. NAA explains that some adjustments by airlines towards winter schedule lead to the over all increase, 162 more flights than summer schedule, which are even more than 140 flights converted from domestic use.

Due to the flight increase, the runway usage has risen as well; A runway has been occupied 98 percent of the time, and B runway has been taken up 95.1 percent of the time. Both runways have been literally 'full' with 97.4 percent on average.

### *\*Kansai to handle the most flights ever for this winter schedule*

Kansai International Airport Co. announced on October 25 that the airport will handle 733 flights a week (104.7 flights a day) at the peak during this winter schedule from October 29 this year to March 24 2007, which is a record high level exceeding 711 flights a week (101.6 flights a day) during the 2006 summer schedule. While Kansai reduces several long-haul flights, the new aviation agreement between Japan and China enables the airport to increase international flights for China. The biggest feature is increase of cargo flights to 167 flights a week.

For China flights, the airport operates a total of 59 flights a week, broken down into 30 passenger flights a week and 29 cargo flights a week. In addition to increases of flights or opens of new flights by ANA, Air China, China Eastern Airlines, Shanghai Airlines and Xiamen Airlines, new Chinese airlines of Hainan Airlines-affiliated Yangtze River Express Airlines, China Southern Airlines-affiliated China Postal Airlines or Jade Cargo will probably fly into Kansai.

China Airlines and Eva Airways each adds two flights a week for Taiwan, and Qatar Airways increases its Doha flights

from five flights a week to six flights a week during the winter schedule.

On the other hand, JAL suspends its Los Angeles flights and Dallas flights, and American Airlines suspends its Dallas flights and reduces its Chicago flights. Also, Northwest Airlines and Continental Airlines reduce its Saipan flights and its Guam flights respectively.

The airport aims to increase annual flight capacity to 130,000 aircraft movements, when it opens the second runway in August next year. This fiscal year, the airport will probably operate 119,000 aircraft movements. Another domestic flights are expected to move from Itami Airport to Kansai next spring due to the operational restriction for Itami Airport, and additional international flights will fly into Kansai from China next summer.

*\*Narita reached monthly record-high foreign passengers in September*

Narita International Airport Co. (NAA) announced on October 26 that the number of passengers for September 2006 was down 1% to 2,744,677 over the same month 2005, marking the fourth most passengers in the last Septembers. Out of the monthly total, Narita handled 2,657,613 international flight passengers, 1% smaller than a year ago, which were broken down into 1,794,930 Japanese (down 2%), 643,481 foreigners (up 2%) and 219,202 transits (up 2%).

The monthly passengers for September resulted in year-on-year reduction, however the total number of combined passengers in August and September 2006 was up 2% over the same period 2005. It is noteworthy that Narita handled the most foreigner passengers in the last Septembers mainly because of increases of Chinese and Taiwanese visitors, who are exempted from visas for short stay in Japan.

The number of domestic flight passengers for September 2006 was down 6% to 87,064 over the same month 2005. The reduction primarily resulted from change to smaller aircraft for Narita-Itami Airport (Osaka) flights and several direct international flights from local airports, such as Sapporo-Busan flights or Fukuoka-Incheon (Seoul) flights, according to NAA.

Narita operated 15,690 aircraft movements in September 2006, which were broken down into 14,646 for international flights (even) and 1,044 for domestic flights (down 1%). The number of aircraft movements for international flights consisted of 12,110 for passenger flights, 2,311 for cargo flights and 225 for others. Also, the monthly aircraft movements were broken down into 10,961 on A runway (down 1%) and 4,729 on B runway (up 1%).

*\*ANA will introduce another two B767-300BCFs*

ANA announced on October 25 that it will introduce another two 767-300 Boeing Converted Freighters (BCF) during the period from April to December 2009. ANA became a launch customer for the conversion program in November 2005, when it ordered three 767-300BCFs. The freighters will be operated by ANA & JP Express, the joint venture with Japan Post, for domestic night freight services and short-haul international cargo services.

ANA can secure a cost saving, as the conversion comes in at a fraction of the US\$150 million list price of a brand new 767-300F Freighter, according to ANA. ANA originally plans to operate eight B767 freighters in 2009 and also to introduce two large freighters in the same year, though ANA dose not finish aircraft selection yet.