

Japan's Leading Tourism and Aviation Weekly

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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)
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**JATA Chairman determines to step to the next strategy beyond 20 million overseas travelers*

JATA World Tourism Congress 2006 was held with a discussion theme of "Branding in Tourism" in Tokyo on September 21, joined by Minister of Land, Infrastructure and Transport Kazuo Kitagawa and 960 tourism-related attendants from both Japan and the world. JATA Chairman Koji Shinmachi (Photo) said at opening remarks, "The government's leading tourism country policy is not only for development of the tourism industry but also for growth of the whole industry of Japan. Now the tourism industry plays an important part of the economic activities in Japan, including local developments, and also plays a diplomatic role."



"For further growth, we have to develop three segments of overseas travel, domestic travel and foreigner-inbound travel simultaneously. The JATA's target of 20 million Japanese overseas travelers is just one of the processes for recovery to the 2000 level. We intend to step to the next strategy beyond the target," Shinmachi added, "The departure rate is just 13.8% out of the total population of Japan in 2005. I believe the market has potentiality to send more than 20 million Japanese overseas."

Minister Kitagawa, who has been in charge of tourism policies under the Koizumi administration, said, "I think the new Abe administration will keep a basic stance to develop tourism exchanges with foreign countries. Tourism has a significant meaning not only in economic effects but also in mutual understandings. Tourism is an industry to establish a win-win relation with a different country. From now on, the baby boomer generation will create a new tourism market, and through Visit Japan Campaign, more foreign tourists are expected to visit Japan."

**JAL PAK President hopes to double overseas travelers to 36 million*

JAL PAK President Akihiko Kaji spoke on market analysis "Future Direction of Japan's Outbound Market" at World Tourism Congress 2006, saying that it is necessary to achieve the departure rate of 30% and 36 million overseas travelers

over a medium term after accomplishing the goal of 20 million overseas travelers for 2007. For that, Kaji emphasized that the travel industry has to encourage general consumers to have more times, moneys and motivations for overseas travels.

The departure rate was 13.8% of the total population of Japan in 2005, which was lower than 18.5% in Korea, 34.5% in Taiwan or 23.6% in Australia. The reason was mainly attributed to the inactive tourist demand for Asia after SARS, Tsunami disaster or the ant-Japan demonstrations, language barriers, weaker yen situation, rise of cost on land operations and rise of fuel surcharges, Kaji said. Also, he added that one of the reasons is found in that hub functions of Narita International Airport and Kansai International Airport have recently lowered.

Kaji emphasized that it is necessary for the travel industry to encourage general consumers to have more times, moneys and motivations for overseas travels to raise the departure rate to 30%. Regarding time, Kaji pointed out that acquisition of paid holidays by workers should be promoted, for which he added it is necessary to introduce a new national system for paid holidays.

The largest problem on travel money is now seen in 20's, as the departure rate in the generation had been down from 22.2% to 17.8% for the last five years. To improve the worsening situation, Kaji proposed a financial support system for young generation by the government or a financing system for students by the travel industry.

With regard to travel motivation, Kaji is concerned about low passport acquisition, showing that 75% of the total population do not their own passports. One of the shortcut efforts to increase overseas travelers is to encourage people to acquire their own passports, for which it is necessary to make the acquisition procedure easier and to increase offices to issue passports nationwide. Surprisingly, Japan has only 358 offices in contrast to approximately 7,000 offices in America, where you can acquire a passport at public organizations, such as post office or library.

At the same time, Kaji proposed "Life Cycle Travel Plan" for baby boomers who generally have travel motivations. The Plan is that a travel company proposes a travel schedule for 15 years after baby boomers retire. JATA can launch a system to certificate advisors for life cycle travel plan, Kaji added.

Also, Kaji said that the today's travel business model based on price competition has a limitation. "The travel industry has to transform into a value-added industry with fresh ideas.

**From "SeeAmerica" to "DiscoverAmerica" for more active promotions*

Travel Industry Association of America (TIA) held "SeeAmerica Educational Seminar 2006," a seminar for the travel industry of Japan, in Tokyo on September 20. In the keynote speech, Warren Ruello, TIA Vice President, International Planning, revealed that today's "SeeAmerica" will be re-branded to "DiscoverAmerica" next year to strengthen promotional activities in the Japanese market. TIA is now developing "SeeAmerica" as a brand for promotions to encourage world travelers to visit America.

Ruello said that the most important theme for TIA is how it can appeal America as a tourist destination to the world. The phrase of "DiscoverAmerica" was not used due to the copyright problem, however it has already been cleared. At Travel Readership Summit 2006 in Washington DC on September 12, the change of the brand to "DiscoverAmerica" was proposed.

Ruello said that TIA intends to send a common message to the federal government or the Congress to let them know how important the travel industry is for America. For the re-branding, TIA will renovate its websites for U.K., Japan and part of Mexico with a financial support of \$4 million for the U.S. Department of Commerce.

**Aeromexico begins serving Narita-Mexico City flight*

Aeromexico officially announced to begin serving two Narita-Tijuana-Mexico City flights a week on November 18 this year. This will be the first direct flight between Japan and Mexico. The flights will be served with B777-200ER (49 business class seats and 228 economy class seats).

According to the flight schedule, AM57 departs from Narita at 14:55 to arrive at Mexico City at 14:35 after stopping by Tijuana at 8:00 (available on Wednesday and Saturday). AM58 departs from Mexico City at 22:50 to arrive at Narita at 6:45 day after next after stopping by Tijuana at 2:00 next day (available on Monday and Thursday).

Today JAL serves two Narita-Vancouver-Mexico City flights a week. The most general access from Japan to Mexico is via cities of United States. Aeromexico expects that the direct flight will be used by both leisure and business passengers from Japan. Mexican Tourism Minister Rodolfo Elizondo, who visited Japan for JATA World Travel Fair 2006, said, "With the new direct flight between Japan and Mexico, both countries will enter a new stage. The flight can carry passengers from Japan to Tijuana just for ten hours. I believe it will be a very convenient flight particularly for business passengers. Also, passengers of the flights will not need to pass complicate security checks in the U.S."

More than 90,000 Japanese travelers visited Mexico for 2006, 17% more than a year ago. The Minister said, "I expect that the number of Japanese visitors will reach 100,000 this year, and we forecast that the direct flight will increase Japanese visitors to 130,000 next year and to 150,000 in the near future."

**Continental CEO emphasizes Asian market for further business growth*

Continental Airlines (COA) Chairman and CEO Larry Kellner said at American Chamber of Commerce in Japan (ACCJ) on September 20 that the airline continues emphasizing the Asian market, particularly the Chinese market, under the growing international flight network. Also, he mentioned the advanced Boeing 787, saying that the aircraft will be an effective solution particularly in terms of point-to-point transport between the U.S. and Asia.

Kellner recognizes that B787 is the best wide-body aircraft for the international flight market, valuing its economy advantages, one of which is 20% more effective fuel consumption than B767. The airline is also introducing B777 and B737-800 for more effective business development.

In the transpacific market, COA serves daily flights between Narita and Newark and Huston and also direct flights to China, including Beijing and Hong Kong, despite no transpacific flight ten years ago. It has recently applied for open of Newark-Shanghai flight service to the authorities. "We highly expect passenger movement between the U.S. and China," Kellner added. The airline is planning to use two new B777s on Newark-Shanghai route.

According to the new bilateral aviation agreement between the U.S. and China, American carriers have applied for new flight services for China one after another, including Dallas/Fort Worth-Beijing by America Airlines, Washington DC-Beijing by United Airlines, Atlanta-Beijing by Delta Airlines or Detroit-Shanghai by Northwest Airlines.

Although American carriers more focus their businesses on international flights, Kellner said that COA still stresses the U.S. domestic market as well, especially feeder flight services. The airline is planning to offer 5% more seats on all of its flight routes including the domestic market. When COA introduces B787, it hopes to balance international flights and domestic flights well, Kellner added.

**JAL and ANA increase China flights according to the new agreement*

JAL and ANA recently announced new flight services for China, except flights for Shanghai and Beijing, for this winter schedule beginning on October 29 this year, according to the new bilateral aviation agreement between Japan and China. Both airlines particularly focus on business-oriented flights.

JAL will increase its Narita- Guangzhou flights from daily flights to double daily flights, serving departure time convenient for Japanese passengers. Narita- Xiamen flights will also be increased from three flights a week to four flights a week.

ANA will increase its Narita- Xiamen flights and Narita- Qingdao fights from three flights a week to daily flights and from four flights a week to daily flights respectively. For Narita- Qingdao flights, the airline will change aircraft from B767-300ER today to A320 next sparing.

The increase of flights from/to Narita will be enabled by additional allocation of Narita slots according to the bilateral aviation agreement, as JAL and ANA each have acquired 17 return flights a week and 18 return flights a week. At the same time, Air China have been permitted 14 return flights a week, and taking advantage of the additional departure slots the airline will add one flight a day on Narita-Shanghai and Beijing routes respectively.

Additional flights for Shanghai and Beijing by JAL and ANA will be announced later because slot arrangement for the Japanese carriers at both airports is not completed.

>From Central Japan International Airport, JAL will increase Guangzhou flights from three flights a week today to daily flights. ANA will begin serving daily flights for Tianjin with B737-700 on February 1 2007, expecting high business demand.

>From Kansai International Airport, ANA will increase its Dalian flights from one flight a week today to two flights a week and its Xiamen flights from three flights a week to four flights a week. However, JAL does not announce any flight changes for flights between Kansai and China.

**JAL and KAL expand code share flight network*

JAL and Korean Airlines (KAL) announced on September 19 that the pair will further expand the code share flight network between Japan and Korea, adding another flights between Narita and Seoul by KAL, between Kansai International Airport (KIX) and Seoul by KAL, between Central Japan International Airport and Seoul by KAL, between Narita and Busan by KAL and JAL, between KIX and Busan by KAL and JAL and between Fukuoka and Seoul by KAL.

The new agreement will be effective on October 29 this year, when the winter schedule begins. With the new code share flights, both airlines will deepen the business tie-ups for a total of 186 flights on 11 routes, 1.4 times more than today, which means all of their flights between Japan and Korea will be under code share agreement.

Although JAL and KAL join different alliances, both airlines have agreed to maintain business tie-ups for code share operations. JAL and KAL started the code share agreement on Komatsu/Niigata/Sapporo-Seoul flights in August 2004.

**NAA finally began extending the B runway to 2,500 meters*

Narita International Airport (NAA) held a ceremony to begin the extending construction of the B runway to 2,500 meters on September 15, joined by Kazuo Kitagawa Minister of Land, Infrastructure and Transport and Chiba Governor Akiko Domoto. This is the first step to increase flight capacity of Narita International Airport, as large aircraft can be operated on the 2,500 meters runway. Completion is slated for October 2009, and operation will start in March 2010.

Kitagawa said at a ceremony, "Under the globalization of economy today, Japan faces severer competition. It is crucial for us to maintain or strengthen global competitive power in the world. I believe that the extended runway will be essential not only for that but also to meet high air transport demand in the Tokyo Metropolitan area."

NAA CEO Masahiko Kurono said, "We have been eager to achieve the extension of the B runway to 2,500 meters as soon as possible, looking at economic growths in neighboring countries particularly China."