

Air of Confidence

Japan's air transport industry is giving an encouraging performance in fiscal 1988, on both the domestic and the international fronts. The expanding economy at home, on the back of strong domestic consumption, is boosting domestic passenger traffic, particularly on trunk routes. This, combined with more frequent local route operations after the July commissioning of a new runway at Tokyo's Haneda Airport, is expected to lead the three leading carriers to achieve a 5-6% increase in passenger traffic compared with the previous fiscal year.

The volume of domestic air cargo has consistently shown a growth rate of about 10% per year, thanks to the increasing demand for transport of fresh foods to the main urban areas from as far afield as Hokkaido and Kyushu, and general growth in small-item parcels. Although air transport accounts for a modest 0.1% of total domestic cargo in terms of ton-kilometers, its growth rate is the highest among all the hauling sectors.

On the international front, the number of outbound Japanese tourists was expected to rise about 20% in 1988 from 6.83 million in 1987, in the wake of the yen's soaring exchange rate and the increasing popularity of group tours. The positive performance of the NIEs and an increase in business visitors will also keep inbound traffic active. Consequently, the number of international passengers will again show a two-digit growth.

Japan Air System (renamed in April 1988 from Toa Domestic Airways) inaugurated its first international flights, to South Korea, in July, and became the third Japanese carrier to operate scheduled overseas flights, after Japan Air

Lines and All Nippon Airways, pushing one notch ahead Japan's multi-carrier international operation system, the framework of which was mapped out in the June 1986 new civil aviation policy.

Despite their tonnage-based share of only 0.1% of the total trade traffic, international air cargo operations grabbed a sound 12.5% in exports and 19.7% in imports in terms of value in 1987, establishing the sector as a vital presence in carrying high value-added items. Fiscal 1988 growth of air cargo traffic in terms of volume is expected to keep to the two-digit level, but it will be lower than in the previous year, due mainly to a slowdown in transit cargo volumes originating in the NIEs. On the other hand, fresh food imports, reflecting a "gourmet" food boom in Japan, and imports of manufactured products will maintain the previous high levels.

Meanwhile, rapid increases in international air cargo traffic have stretched handling facilities at Narita and other international airports, and expansion is urgently required to cope with the expected further growth.

In fiscal 1988, major carriers are expected to earn enough profits to pay dividends as in the previous year, although the yield on international routes is expected to slip. JAS is shouldering heavier cost burdens due to its inauguration of international flights and partly also to adjusting to its new name, and the decline in fuel costs will help JAS make up the difference.

Fiscal 1989 will be a year of further growth for the carriers. Domestic passenger traffic will sustain solid growth due to the expanding national economy, fol-

北ウイング出発 NORTH WING DEPARTURES				
時刻	目的地	機体	乗客	貨物
10:00	SAIPAN GUAM	ANA	22	16
10:25	MANILA SINGAPORE	JAL	17	22
11:00	KUALA LUMPUR DENPASAR	ANA	42	23
11:00	RUSSAN	ANA	11	17
11:05	HONG KONG	JAL	33	24
11:20	SEOUL	JAL	21	12
11:30	SEOUL	ANA	16	14
12:00	NEW YORK	JAL	6	18
12:00	CHICAGO	JAL	10	23
12:30	MOSSON PARIS	JAL	41	28
12:30	LONDON	JAL	40	23
12:50	BANGKOK	JAL	17	22
13:00	MOSSON PARIS	SU	76	15
13:50	SHANGHAI	CA	24	12
14:00	BANGKOK BOMBAY	JAL	31	27
14:00	SINGAPORE	JAL	7	19
14:00	MOSSON LONDON	SU	82	16
14:55	MANILA	PR	43	22
16:45	LOS ANGELES	JAL	6	24
17:00	BALUH PEKING	CA	52	21



Air travel will continue sound growth in the year ahead, with the number of passengers increasing on both domestic and international routes.

lowed by probable abolition of the transport tax to be replaced by a proposed consumption tax—equivalent to a net 6% fare cut. This will attract those currently using other transportation means.

International passenger traffic will also maintain sound growth, though at a slightly slower pace, against the backdrop of a continual rise in Japanese traveling overseas and an expected increase of Korean tourists triggered by the lifting of travel restrictions by the Seoul government. Both international and domestic cargo traffic will rise by about 10%, led by further expansion of transportation of high value-added cargoes, parts needed for offshore production, and fresh foods.

Consequently, both revenues and profits of major airlines will continue rising. But simultaneously the carriers need to make strenuous efforts in cost-cutting and building up corporate stamina to cope with the further deregulation of international air traffic in the future. ■

(Makoto Amada, senior economist)

Air Transport Volume

	FY 1986	FY 1987	FY 1988 (estimate)	FY 1989 (forecast)
Domestic passenger traffic (1,000 persons)	43,675 (5.8)	47,124 (7.9)	49,775 (5.6)	52,280 (5.0)
Domestic cargo volume (1,000 tons)	496.5 (8.3)	559.7 (12.7)	617.0 (10.2)	675.0 (9.4)
International passenger traffic (1,000 persons)	18,650 (6.1)	22,507 (20.7)	25,770 (14.5)	28,870 (12.0)
International cargo volume (1,000 tons)	1,024 (17.3)	1,219 (19.1)	1,355 (11.2)	1,530 (13.0)

Notes: 1. Figures in parentheses show growth rate over the previous year.

2. Domestic passenger traffic and cargo volume figures are for the three main Japanese airlines.