

Updates on Japan's INTERNATIONAL AVIATION POLICY

- 1.Recovery from The Great East Japan Earthquake
- 2.The Growth Strategy of MLIT
- 3.Transformation of HND into a 24-hour International Hub
- 4.Drastic Functional Enhancement of Narita
- 5.Opening Japan`s Skies to Asia & the World
6. Deregulation
7. Reorganization of the Civil Aviation Bureau

Yoshiro TAGUCHI

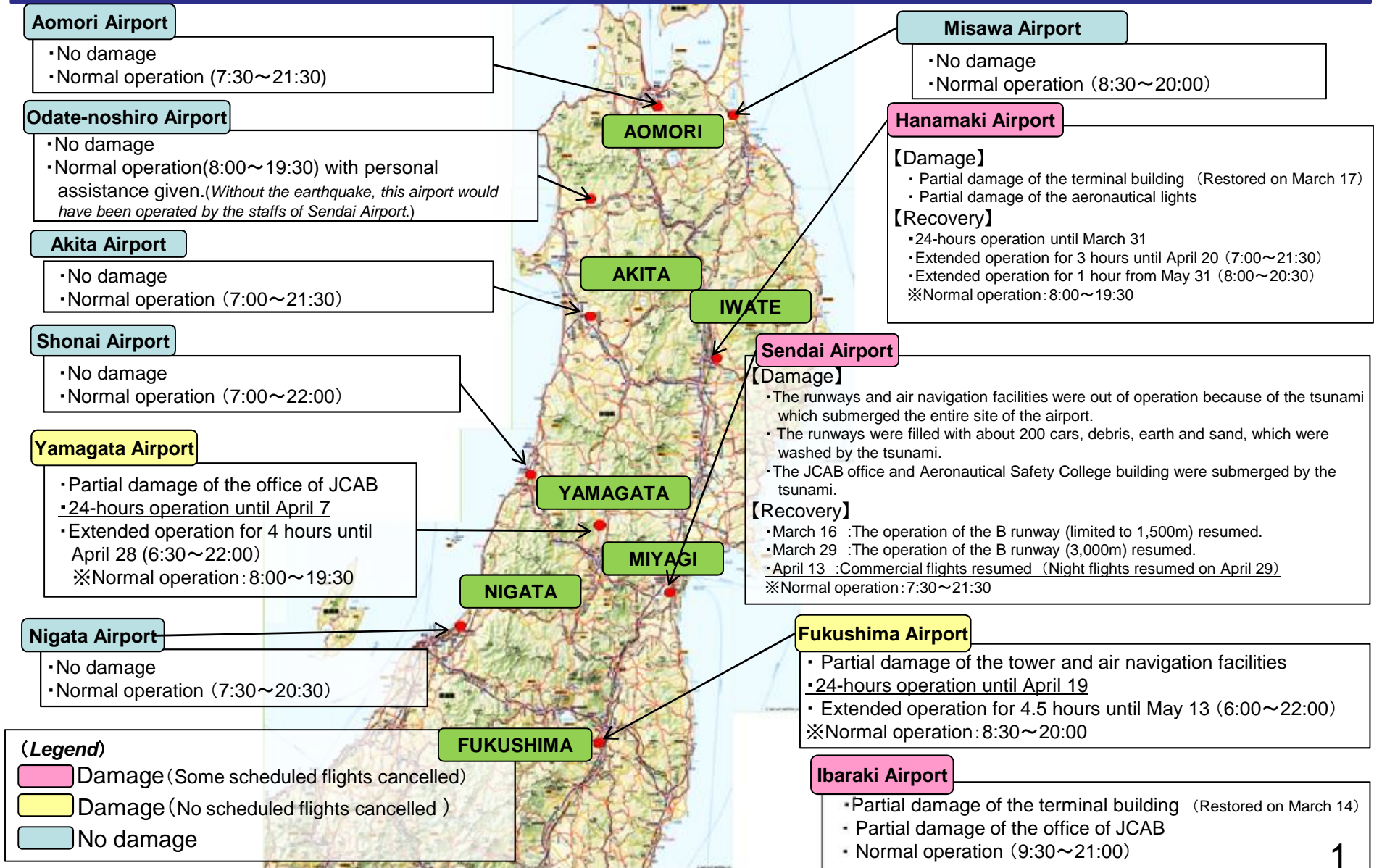
Deputy Director, Japan Civil Aviation Bureau (JCAB)

30 Jun. 2011

1. Recovery from The Great East Japan Earthquake

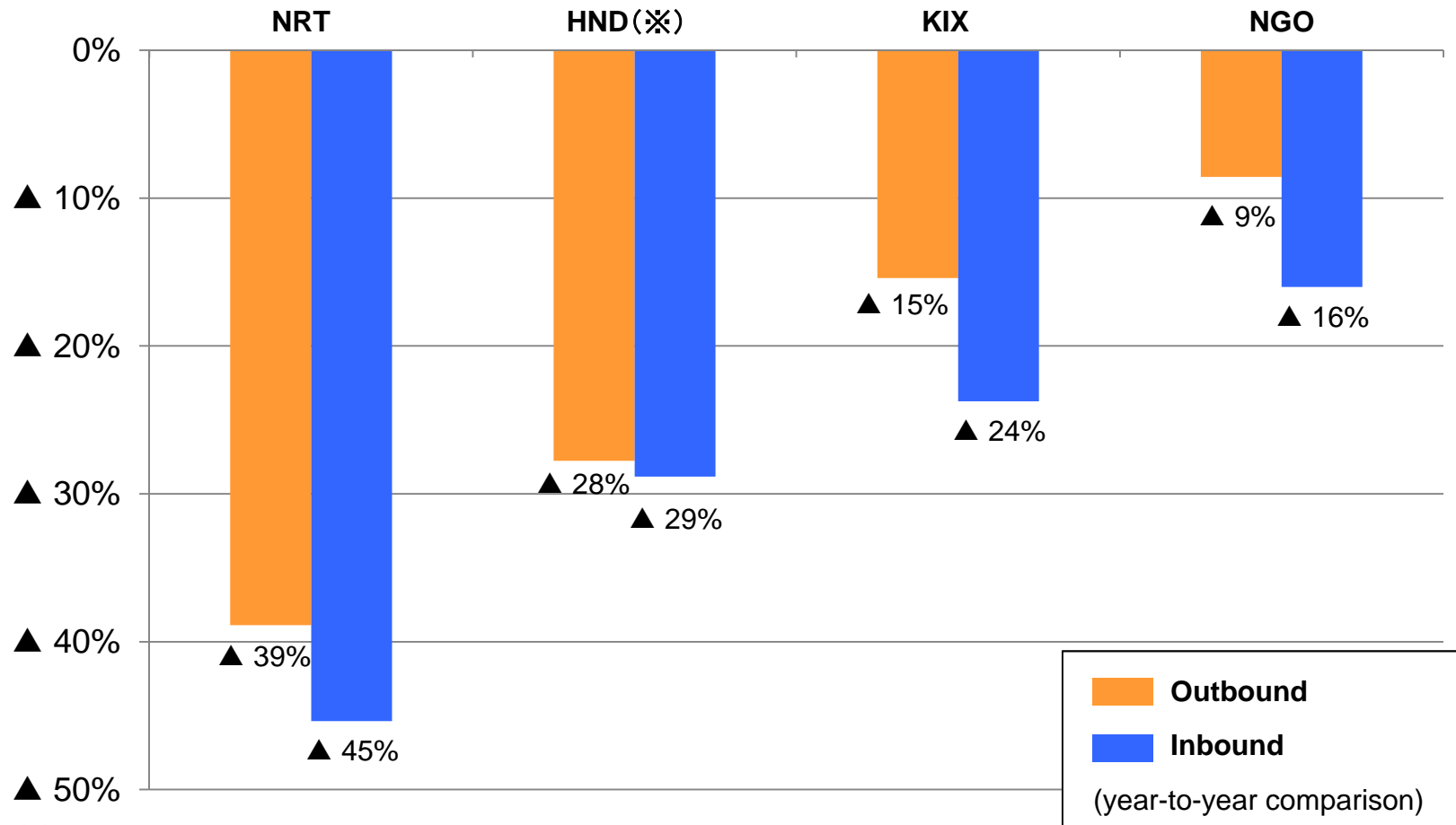
Restoration of the Airport Facilities Damaged by The Great East Japan Earthquake

The Great East Japan Earthquake followed by the massive tsunami on March 11 submerged the entire site of Sendai Airport including the airport facilities, such as the passenger terminal building.



Effect on Aviation Industry

◎ Decrease of Inbound and Outbound Passengers (3/11-4/18)



※HND: Compared to the number during the period of 3/1-3/10, 2011

◎ Temporary Diversion of International Air Service

After the earthquake and the nuclear power plant accident, 22 airlines diverted regular flights on 34 routes (NRT:29 HND:5) in total because crew denied to fly to and stay at Japan. However, they have gradually resumed their regular operations.

○ ICAO

“No Restrictions on Travel to Japan”(3/18)

“Current Radiation Levels in Japan and Travel Advice”(4/1)

“Current Situation for Travel and Transport to and from Japan”(4/14)

○ IATA

“No Restrictions on Air Travel to Japan”(3/19)

**“UN Confirms Safety of Japan Operations
- No Recommendation for Passenger Screening”(4/1)**

◎ Dissemination of Accurate Information in Timely Manner

JCAB launched the dedicated web site (in four languages: Japanese, English, Chinese and Korean) in order to provide accurate information about the status of air transport of Japan, including radiation doses around airports and operational status of airports.

Japanese Air Transport after the 2011 Tohoku - Pacific Ocean Earthquake

日本語 | 中文简体 | 한국어

Message from MLIT

Messages from Overseas

Resumption of Regular Operations

Radiation Doses around Airports

Operational Status of Airports

Information on Domestic Flights

Links to Relevant Organizations

Measurement of Radiation Doses around Airports in Japan

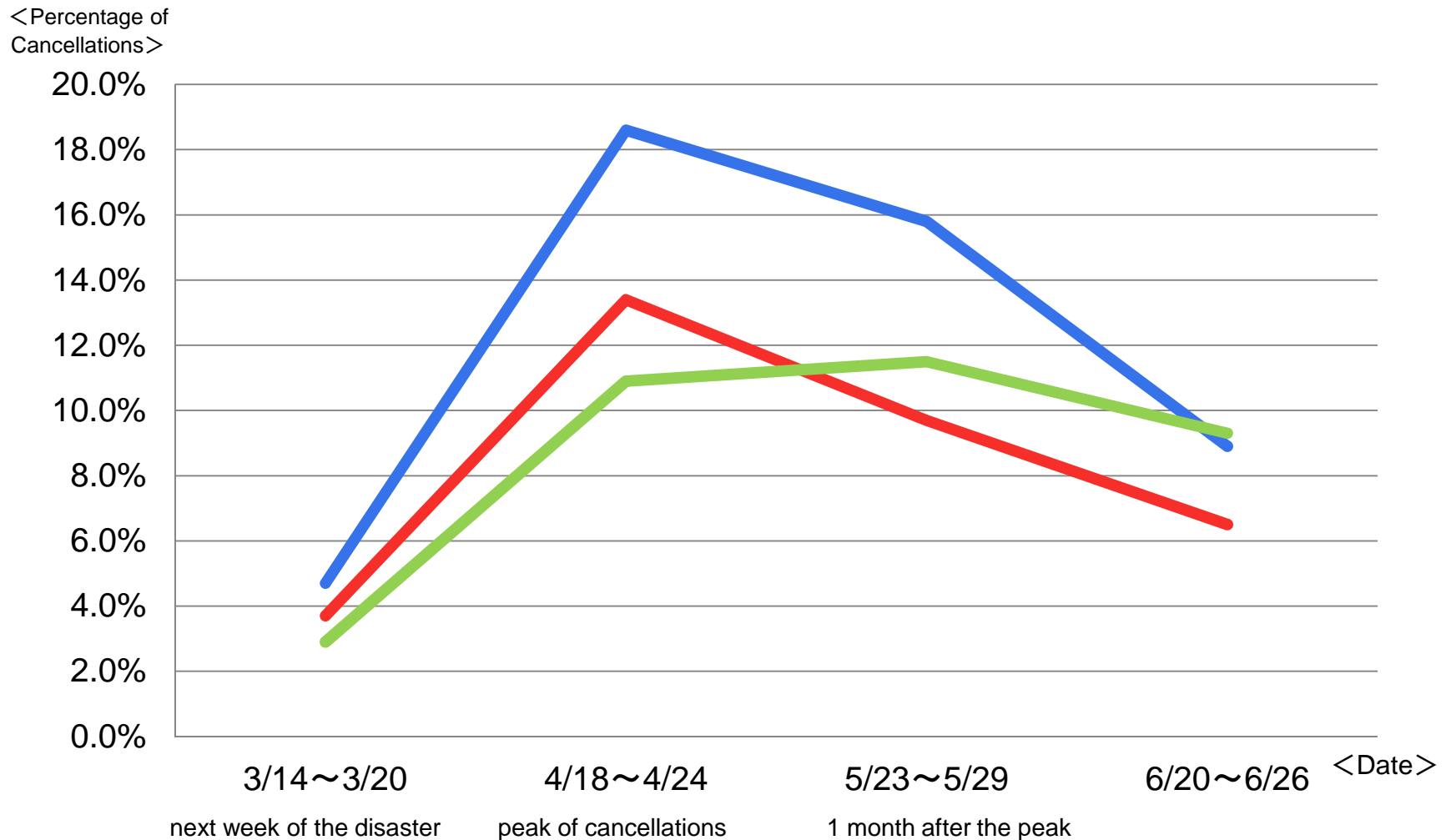
As shown below, radiation at a level that has harmful effects on human health has not been detected at any of the airports in Japan. For your reference, according to the World Health Organization (WHO), an average person is exposed to 3,000µSv of radiation dose (2,400µSv from natural environment and 600µSv from medical equipments) each year.

Measurement Point (City, Prefecture)	Hourly Radiation Dose (µGy/hr/µSv/hr)	Estimated Annual Exposure (µSv) <Reference>	Original Website of the Measurement Data
Airport 603	0.103	902	Narita International Airport Corporation
City, Prefecture	0.088	800	Benagawa Conf. (Japanese Only)
City, Prefecture	0.040	350	Ozaka Pref. (Japanese Only)
City, Prefecture	0.039	342	Ministry of Education, Culture, Sports, Science and Technology, Japan (MEXT)
City, Prefecture	0.029	204	MEXT
City, Prefecture	0.063	552	—
City, Prefecture	0.045	394	MEXT
City, Prefecture	0.035	307	MEXT
City, Prefecture	0.28	2,276	Fukushima Pref.
City, Prefecture	0.111	972	Ibaraki Pref. (Japanese Only)

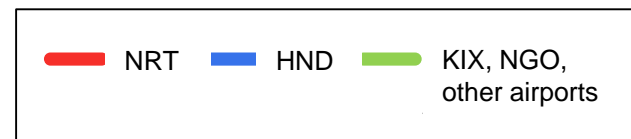
* Narita and Haneda Airports from the Fukushima Dai-ichi Nuclear Power

- 2) For the latest measurement of radiation doses, please refer to each original website listed above.
- 3) For the estimation purpose, 1 micro-Gray/hour (1µGy/hr) is converted into 1 micro-Sievert/hour (1µSv/hr).
- 4) "Estimated Annual Exposure" is the estimation under the hypothetical condition where a person is continuously exposed to the hourly radiation dose at the measurement point for 24 hours, 365 days.
- 5) 1 milli-Sievert (mSv) is equal to 1,000 micro-Sievert (µSv).

Cancellation of International Flights



※Operational plan approval basis
 ※Cancellation of International scheduled flights (domestic and foreign carriers)
 ※Compared to the original operational plans at the beginning of 2011S



2. The Growth Strategy of MLIT

The Growth Strategy of MLIT

I Opening Japan's Skies to Asia & the World (Promotion of Full-Fledged Open Skies Agreements)

- Ø Promotion of Open Skies Agreements including Tokyo with 300,000 slots per year at NRT becoming more likely
- Ø Promotion of a drastic liberalization that goes well beyond what is encompassed by traditional framework and deregulation of forwarder charter rules in order to kick-start the international air logistics business
- Ø Aiming at agreements mainly with Asian countries in order to develop Japan as a tourist destination and to encourage the market participation of new airlines including LCCs

II Strengthening HND/NRT in order to Enhance the Interurban Competitiveness of the Tokyo Metropolitan Area

- Ø Transformation of HND into a 24-hour international hub : 90,000 annual slots for international regular service, and introduction of long-haul business routes to destinations in Asia , Europe, and North America
- Ø Positioning NRT as one of Asia's leading hub airports : Further strengthening of international flight network, enhancement of the domestic feeder routes, and encouraging participation of LCCs and business jets

III Streamlining Airport Management by Leveraging "Private-Sector Wisdom and Financing"

- Ø In the short run : Review of the structuring of annual incomes and expenditures within the airport development account
- Ø In the medium run : Optimization of airport fees (including landing fee) through the operational integration of airport-related businesses and airports themselves, and outsourcing concession to private sector or privatization

V Maintaining Essential Air Networks

- Ø Maintenance of local networks initiated by local governments
- Ø Allocation of domestic takeoff/landing slots at HND based on more market-oriented mechanisms

IV Active Strengthening of Kansai International Airport (KIX) by Balance Sheet Reform

- Ø Balance sheet reform of KIX in order to revitalize KIX as a hub airport in Kansai by combining utilizing Itami Airport
- Ø Strategic operation of KIX such as positioning KIX as a cargo hub and attracting LCC participation at KIX

VI Expanding User Benefits by Promoting LCC Participation

- Ø Consideration of construction of a terminal building for exclusive use by LCCs at hub airports such as NRT and KIX
- Ø Enabling airlines to achieve low cost operation by relaxations of technical regulations compatible with international trends

Strengthening the International Competitiveness of Tokyo Metropolitan Airports (Haneda/Narita)

Development of Tokyo Metropolitan Airports (infrastructure)

Expansion of Annual Takeoff and Landing Slots at Tokyo Metropolitan Airports (Haneda/Narita)

Transformation of HND into a 24-hour International Hub

Drastic Functional Enhancements of Narita (Achieving 300,000 Annual Slots)

Annual Takeoff and Landing Slots Expansion at Tokyo Metropolitan Airports (Haneda/Narita)

Shift to Open Aviation Policy

Promotion of Full-Fledged Open Skies

Promotion of Full-Fledged Open Skies Agreements

Promotion of LCC(Low Cost Carrier) Participation and Business Jets Accommodation

【As a nation】

Opening Japan's Sky to Asia & the World

【For Users and Airlines】

- Expansion of air transportation service (Improving user convenience)
- Promotion of competition among airlines

Creating Level Playing Field for Japanese Airlines (ex. Reduction of Aviation Fuel Tax)

Strengthening the International Competitiveness of Tokyo Metropolitan Airports

Especially in Asia where remarkable growth is taking place

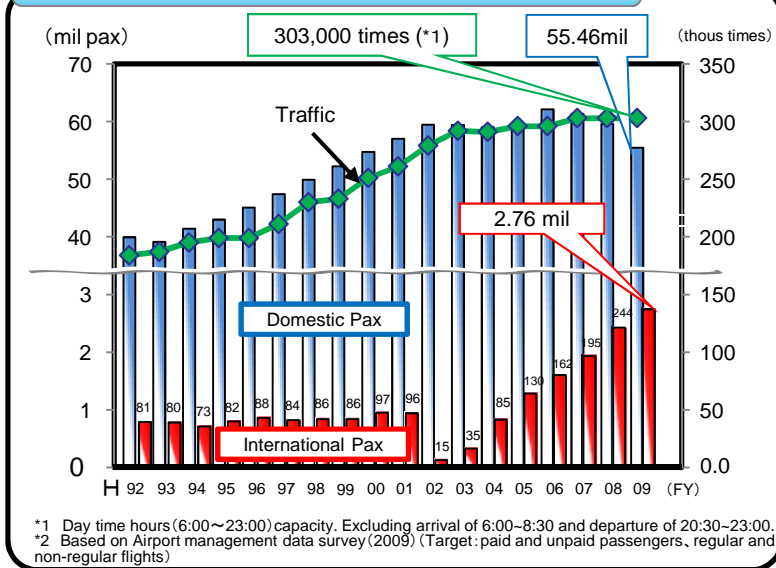
Enhance National Strength

3. Transformation of HND into a 24-hour International Hub

Current Status of Haneda Airport

- As a Hub of domestic routes, Haneda has 470 flights with 49 airports in Japan
- Largest domestic airport with about 55million domestic passengers per year in Japan.
- Established international network with 16 cities, 52 flights per day since the opening of international terminal in Oct. 2010,

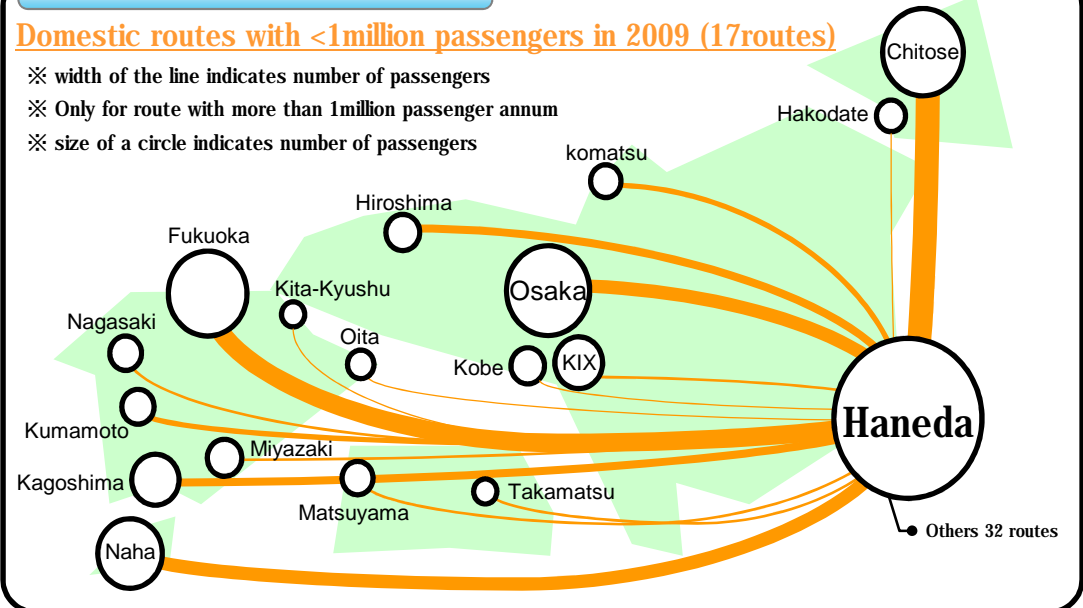
Dom. Pass. and aircraft movement



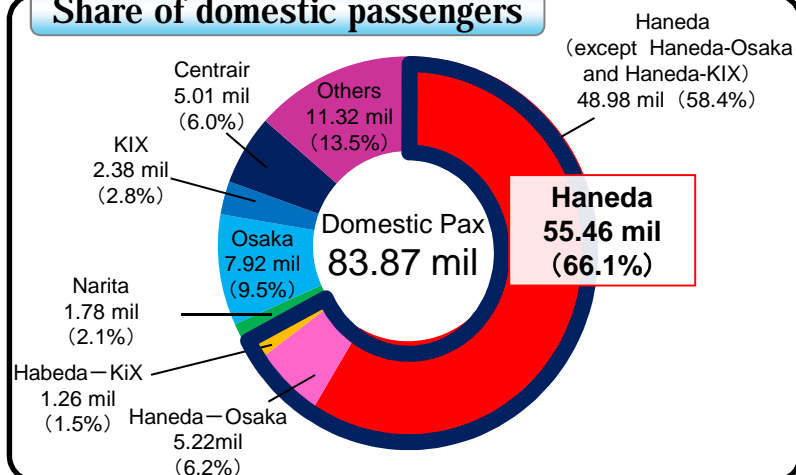
Domestic Network

Domestic routes with <1million passengers in 2009 (17routes)

- ※ width of the line indicates number of passengers
- ※ Only for route with more than 1million passenger annum
- ※ size of a circle indicates number of passengers



Share of domestic passengers



International Network

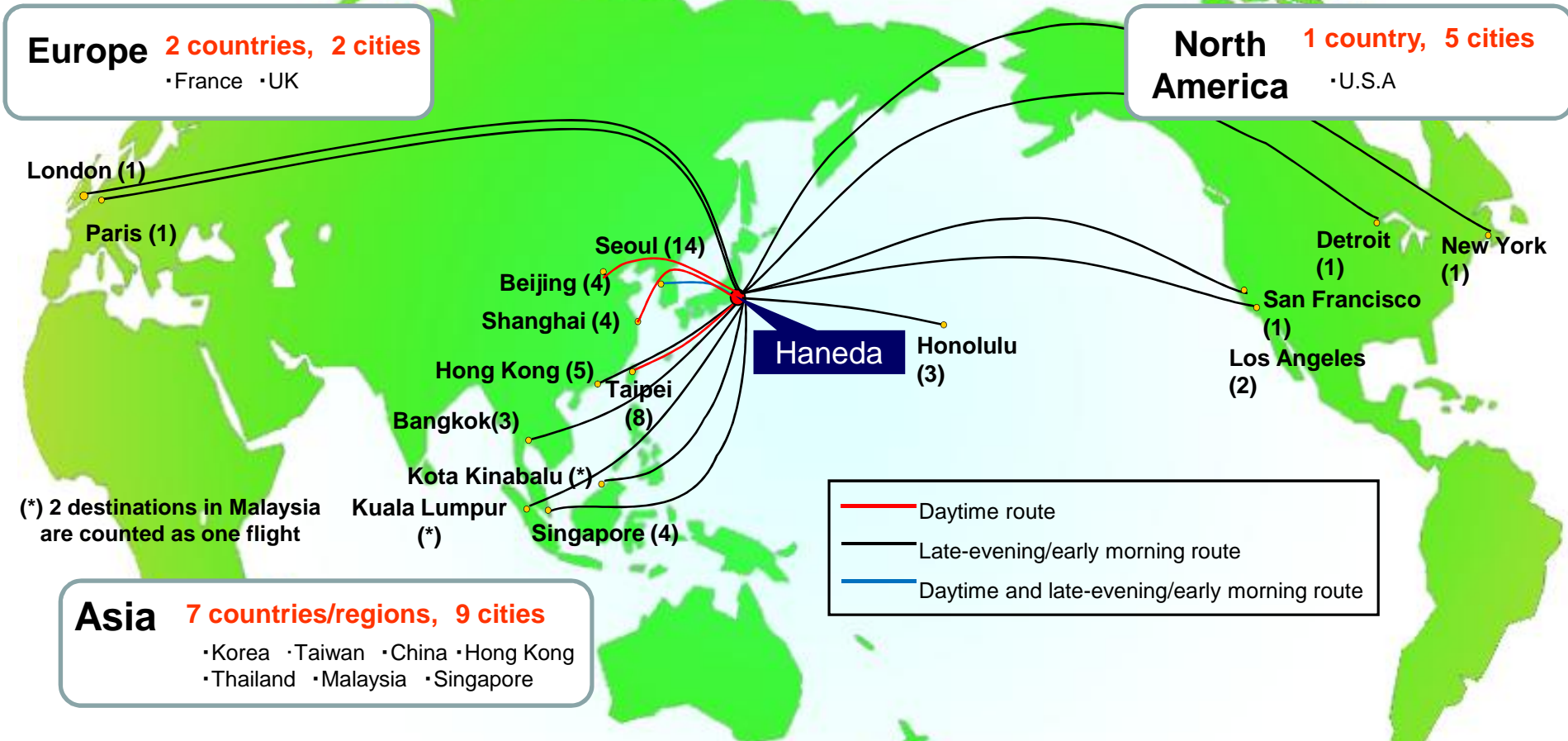
In OCT 2010, new International passenger terminal opened, re-establishing international network after 32 years

International Network

- ASIA 7 countries 9 cities
(Korea/Taiwan/China/Hong Kong/Thai/Malaysia/Singapore)
- Europe 2countries 2cities (France/England)
- America 1 countries 5 cities (US)

International Network of Haneda Airport (March 2011-)

Networks connecting Haneda and major cities in Europe and the United States including London, Paris, New York and Los Angeles as well as short-distanced cities in Asia such as Beijing and Shanghai were established with the start of international regular flight services at Haneda Airport in October 2010.



Destination (Sum of international flights, both daytime and late-evening/early morning)

**Maximum of 52 flights per day to 10 countries and regions and 16 cities
(25 Japanese flights (2 airlines), 27 overseas flights (16 airlines))**

※Operational plan approval basis
 ※The maximum number of flights based on summer schedule in 2011

Development of Enlargement Project of Haneda Airport and Future Plan

Development of the 4th runway (Runway D) and international flight area is underway:

- 21st October last year: Started services of Runway D and international passenger terminal building, etc.
- 31st October last year: Started regular international flight service for the first time in 32 years (30,000 during daytime and 30,000 during late-evening/early morning, 60,000 flights in total)

International passenger terminal building

Construction start: 1st May 2008
Completion: 31st July 2010



【Reference】
Start operation of new control tower (12th January 2010)

Start expansion of international passenger terminal and apron to realize 90,000 international slots (60,000 daytime/30,000 late-evening/early morning) after expansion to 447,000 in FY2013 at earliest. Deploy high demand/business lines including Europe/USA and long-distance Asia.

Runway D
(2,500m)

Construction start: 30th March 2007
Completion: 30th August 2010

■ Slots for international scheduled flights will increase from current 60,000 to **90,000** in total, as early as FY 2013, pending implementation of safety measures, if necessary, and completion of the terminal expansion project.

Daytime
(0600-2300)

30,000 slots → **60,000 slots**

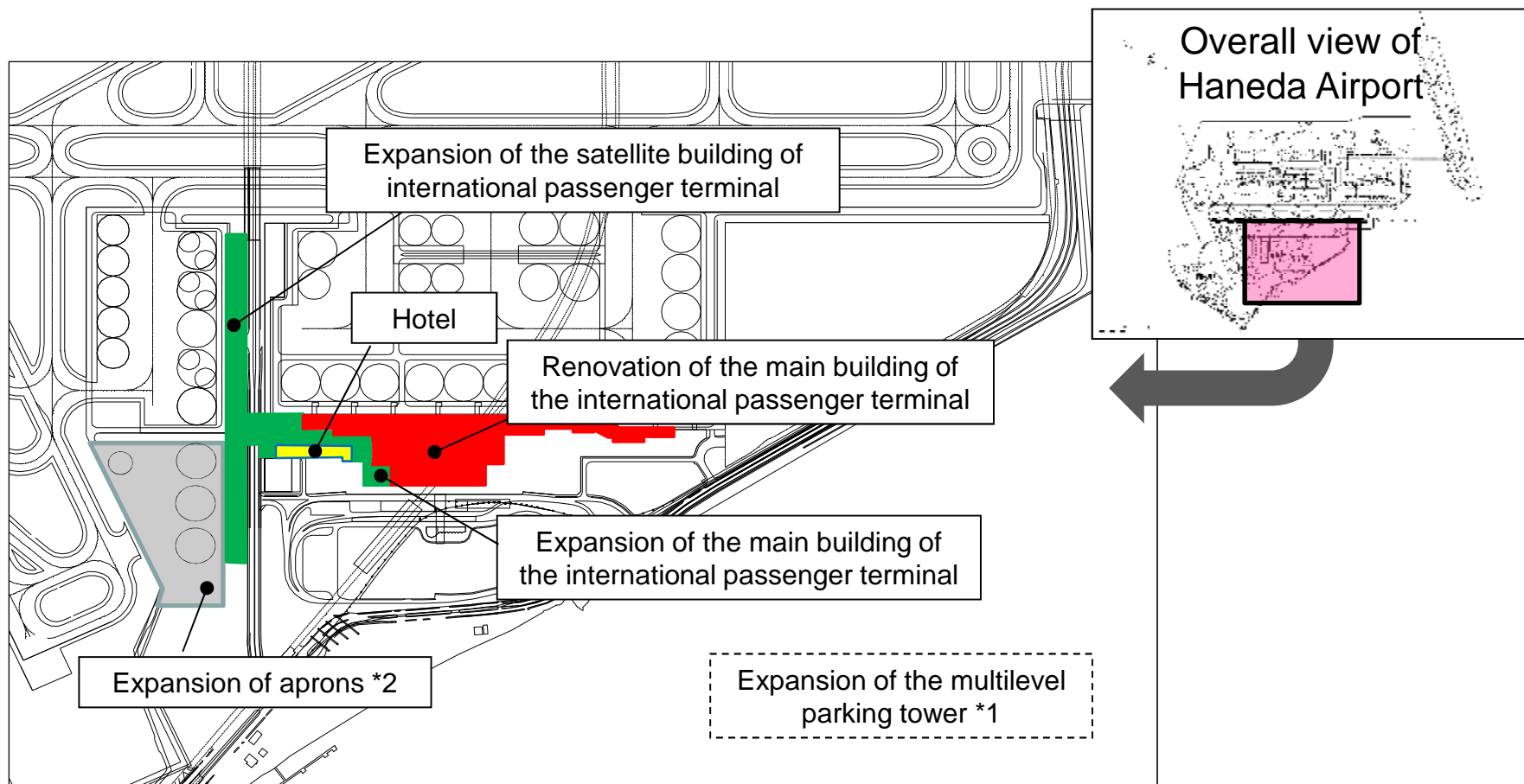
Late-night and
early-morning hours
(2200-0700)

30,000 slots

Future Measures

- Expansion project of the new int'l passenger terminal is scheduled to be completed by around Mar. 2014.
- Movement restrictions will be relaxed.
- Daytime slots will be exclusively used for international flights on high-demand, business routes connecting cities of the world with Tokyo.

Expansion of International Passenger Terminal



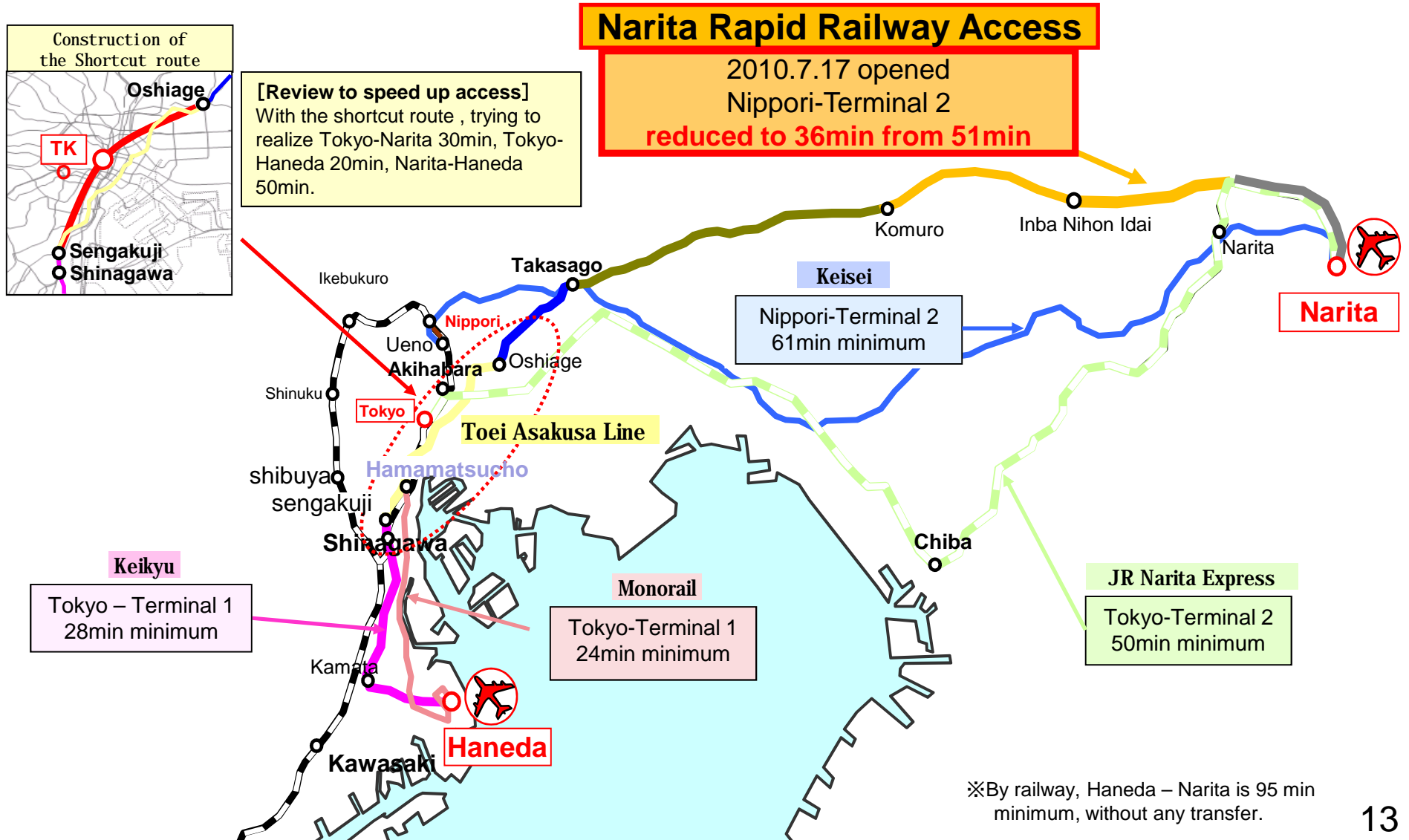
Expansion project of the new int'l passenger terminal is scheduled to be completed by around Mar. 2014.

*1 Extent of expansion, location and timing of opening will be decided according to the trend of demand.

*2 Aprons as well as the passenger terminal building will be expanded (4 spots).

Improving Accessibility of HND and NRT from Tokyo CBD and that of Between these Airports by Railways

To improve convenience and promote integrated operation of Haneda and Narita Airports, Narita Rapid Railway Access was opened in July 17, 2010, reducing access time drastically. Short range network around the Tokyo satiation will be examined to improve accessibility to Tokyo as well as between the two airports.



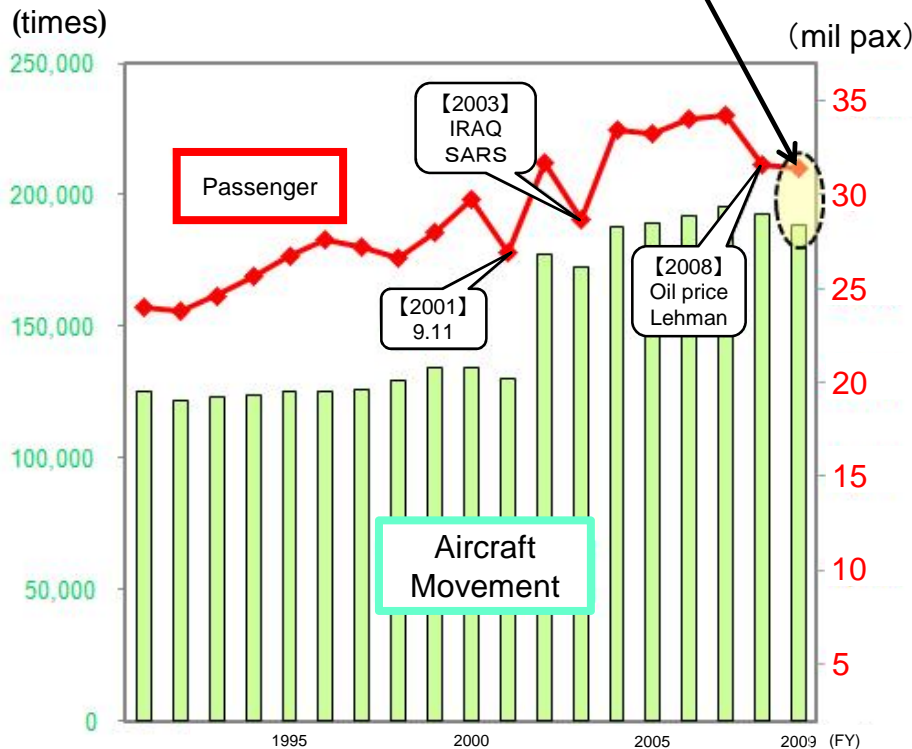
4. Drastic Functional Enhancement of Narita (Achieving 300,000 Annual Slots)

Current Situation of Narita Airport

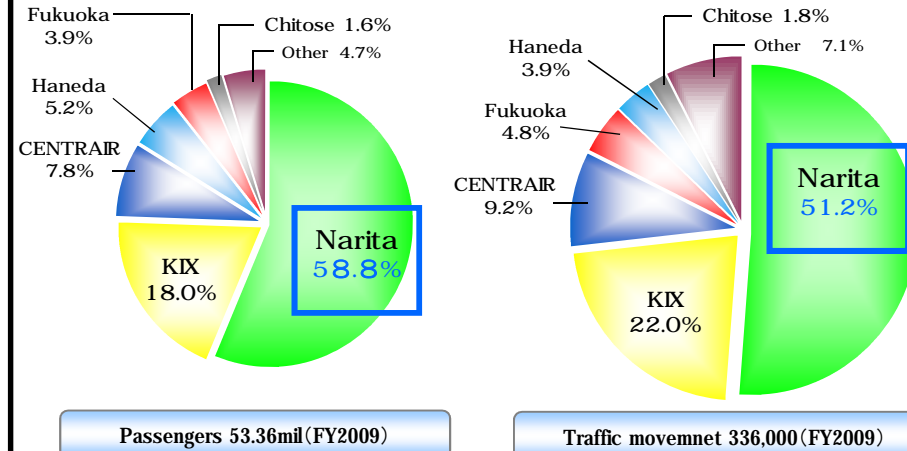
- Demand at Narita Airport has seen dramatic decrease after Lehman shock, but gradually coming back
- To realize original plan, it is necessary to acquire unsettled land, but there is no prospect at the moment. There are two dwellers within the premises of Narita Airport today.

Passengers and Aircraft Movement(dep. land.)

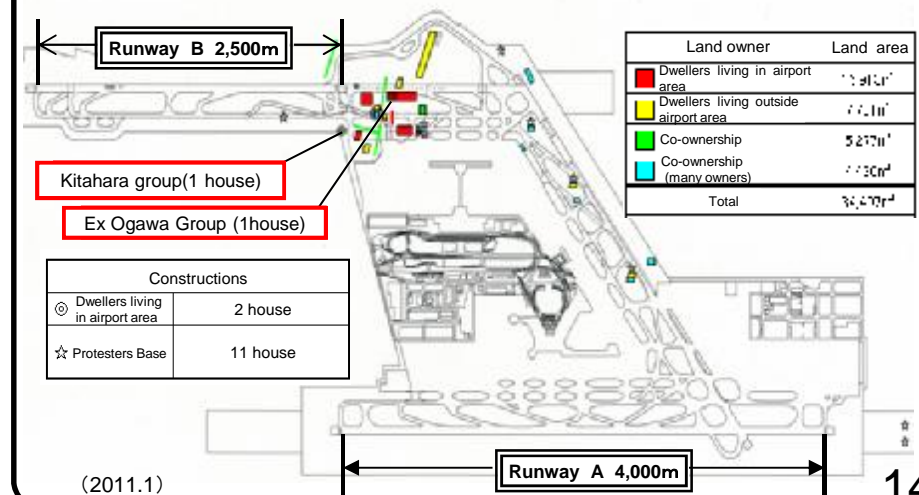
FY 2009	
【passenger】	32.74mil
international	31.41mil
domestic	1.33mil
【departure and landing】	190,000 (capacity 200,000)



International Passengers by Number and Traffic



Owner of land and construction in airport area



International Network of Narita Airport (March 2011-)

With expansion of capacity from 200,000 to 220,000 in March 2010, Narita airport has been expanding its international network to Macau, Abu Dhabi, Dubai, Qatar and Calgary. Moreover, the number of flights on already established routes is also increasing.

Europe 12 countries 14 cities

- U.K. •Italy •Austria
- Netherland •Switzerland •Denmark
- Germany •Turkey •Finland
- France •Russia •Norway

North America 2 countries 17 cities

- Canada •U.S.



Africa/Middle East 4 countries 5 cities

- Iran •Egypt
- UAE •Qatar

Asia 17 countries 41 cities

Central and South America 1 country 2 cities

- Mexico

International routes as of 2011

44 countries and regions
90 cities

Oceania 8 countries 11 cities

- Austraria •Guam
- Tahiti •New Caledonia
- New Zealand •PNG
- Mariana Is. •Palau

Agreement to Increase Flights to 300,000 and Efforts toward Capacity Expansion at Narita Airport

Annual takeoff and landing slots at Narita Airport increased from 200,000 to 220,000 on 28th March last year. Now that an agreement was reached (13th October last year) with local people on increase of the airport capacity to 300,000 slots, the capacity will be increased gradually aimed at reaching **300,000 by the end of FY2014** at earliest.

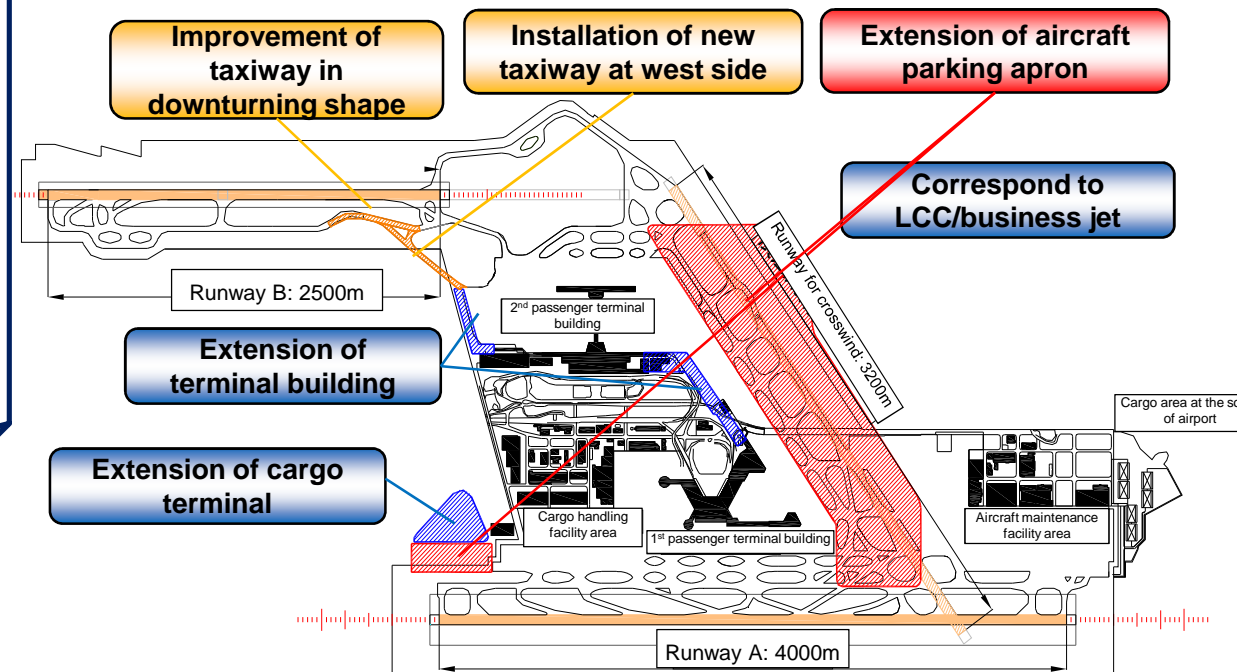
Efforts toward achieving 300,000 slots

1. Advancement of flight control method
Introduce simultaneous parallel takeoff and landing method in FY2011.
2. Facility improvement, etc.
 - i) Improvement of taxiway
 - ii) Extension of aircraft parking apron
 - iii) Respond to LCC (Low Cost Carrier)/business jet based on demand
 - iv) Extension of terminal (in case 270,000 or more slots)
3. Others (improvement of access, etc.)

« Gradual expansion of airport capacity »

Current : 220,000
End of FY2011: 250,000
End of FY2012: 270,000
End of FY2014: 300,000

Outline of facility improvement in the future



Future

Based on an agreement reached with local people, increase the airport capacity to **250,000 slots by the end of FY2011**, **270,000 by the end of FY2012** and **300,000 by the end of FY2014** at earliest.

Realize **further expansion of network, domestic feeder routes and diversification of airline services including LCC/business jet** by making the best use of capacity increase, thereby establish the position as **a hub airport in Asia**.

Capacity Increase Plan at NRT

IATA Season		Annual Capacity	Planned Facility and Operational Improvement
2010	W	220	
	S		
2011	W	235	Relaxation of movement restrictions
	S		Simultaneous operations at parallel R/Ws
2012	W	250	
	S		
2013	W	270	New taxiway opens
	S		

300*

*as early as 2014, pending substantial investment in A/P facilities based on NAA's managerial decision.

(thousands per year)

Capacity Improvement at NRT

IATA S2011

Sliding scale per 30 minutes will be revised

Sliding Scale per 30 Minutes (Applied to S11)

A + B Runway		
Arr.	Dep.	
8	16	24
11	15	26
12	14	26
13	13	26
14	13	27
15	12	27
16	11	27

IATA W2011

Simultaneous operations at parallel R/Ws will be introduced

Sliding Scale per 30 Minutes (Applied to W11)

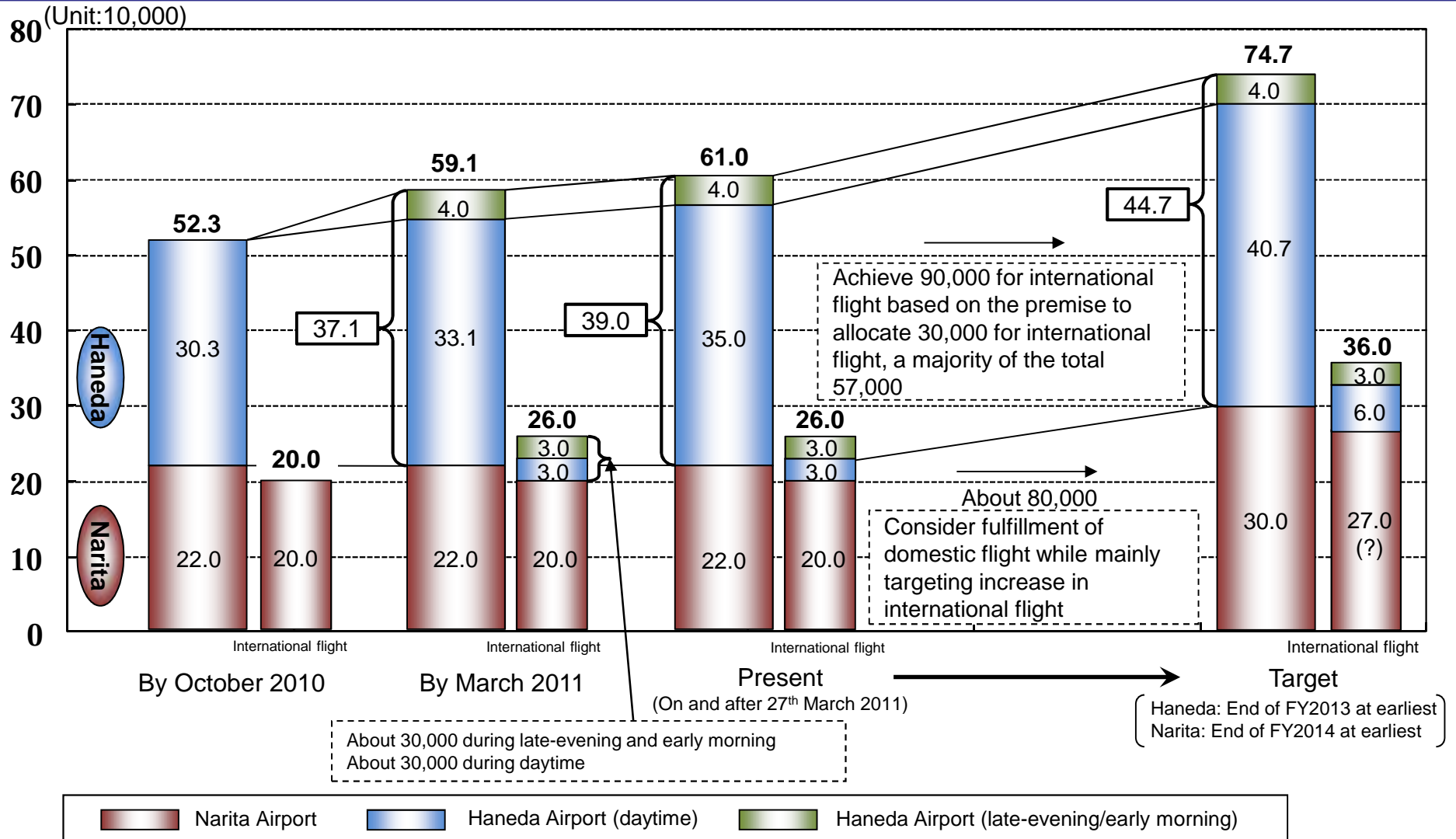
A + B Runway		Total A + B Runway Movements
Arr.	Dep.	
4	23	27
5	22	27
6	21	27
...
21	7	28
22	6	28
23	5	28

- Drastic increase of hourly limit
- More desirable time slots in peak hours

5. Opening Japan`s Skies to Asia & the World (Promotion of Full Fledged Open Skies)

Increase of Takeoff and Landing Slots at Tokyo Metropolitan Airports (Haneda/Narita)

Now that the new 4th runway started its service in October last year, takeoff and landing slots of Haneda Airport will be gradually increased up to 447,000. Takeoff and landing slots at Narita Airport will also be increased to 300,000. As a result, takeoff and landing slots of international flight at airports in capital region will increase from 260,000 (present) to 360,000 (end of FY2014).



“Open Skies” means mutual elimination of restrictions about the number of airlines, routes and frequencies between contracting countries and regions.

Japan is promoting “Open Skies” including Tokyo Metropolitan Airports (NRT/HND) beginning by the agreements with the United States in Oct. 2010.

Japanese Open Skies So Far

- Japan has negotiated Open Skies with 9 countries and regions (Korea, Hong-Kong, Macau, Vietnam, Thailand, Malaysia, Singapore and Canada) since 2007.
- However, Tokyo Metropolitan Airports (NRT/HND) and 5th and 6th freedom traffic rights have been excluded from the Open Skies agreements.

Promotion of Full-fledged Open Skies Policy



- Dramatic increase of the capacity for international flights at Tokyo Metropolitan Airports (NRT/HND) (200,000/year in 2010 → 360,000/year in 2014) by the consent of the local residents to the capacity increase of NRT to 300,000/year and further internationalization of HND.
- Full-fledged Open Skies Policy including Tokyo Metropolitan Airports (NRT/HND) and 5th freedom traffic rights.

Schedule

- The first full-fledged Open Skies with the United States was realized on Oct. 25 2010.
- Aiming to reach agreements with major countries in 2011, Japan will promote full-fledged Open Skies actively and strategically prioritizing East Asian nations and ASEAN countries.
- Relaxation of rules & regulations on international aviation business (charter rules, tariff/pricing framework) went into effect in Oct 2010.

- Contributing to lasting economic growth of Japan through multiplication of flows of passengers, goods and money by enhancing the Japan-centered international air transportation network by promoting Open Skies with East Asian countries and ASEAN nations
- According to “New Growth Strategy” (approved by the Cabinet on Jun.18, 2010), Japan is promoting full fledged Open Skies including Tokyo Metropolitan Airports (NRT/HND). As of now, Japan has agreed with 6 countries/regions.

In the new round of bilateral consultations seeking for Open Skies, Japan will strategically determine whom to negotiate with, and in what order, taking the following elements into consideration.

· Size and maturity of the aviation markets and potential for future growth (especially 3rd and 4th traffic)

· Possibility and degree of urgency of new entry or flight increase, including those of LCCs

· Proactive stance for Open Skies

· Government capability on safety and security oversight

· Target of inbound tourism promotion

· Importance of economic and diplomatic relationship

Agreements so far

○ U.S. Oct. 25, 2010

○ Republic of Korea Dec. 22, 2010

○ Singapore Jan. 19, 2011

○ Malaysia Feb. 24, 2011

○ Hong Kong May. 19, 2011

○ Vietnam Jun. 9, 2011

- The next air Air talks with Macau etc. will be held anytime soon (date to be announced).
- Aiming to reach agreements with major countries in 2011, Japan will promote full-fledged Open Skies actively and strategically prioritizing East Asian nations and ASEAN countries.

6. Deregulation

Relaxation of Rules & Regulations on Int'l Aviation Business

To maximize the effect of Open Skies agreement, Japan will immediately implement new rules & regulations on int'l charter flights and tariff/pricing.

New Regulations on Int'l Charter Flights

- “Seat-only-sales for individual passengers” shall be allowed Up to 50%, regardless of on-line or off-line.
- Forwarder charter and split charter shall be allowed (including NRT and HND late night hours) when;
 - Open Skies is agreed with the country concerned
 - Reciprocity on charter rule is ensured
- “Non Objection Letter” shall be no longer required for cargo charter flights by airlines of third countries.

【Already in effect since Oct. 31, 2010】

New Regulations on Tariff/Pricing

- Filing for approval shall be required only for the most expensive airfare applied under each sales condition, enabling airlines to flexibly set and change airfare based on market conditions.
【Already in effect since Oct. 31, 2010】
- Airlines shall be required to show the total price, as well as price of each component that passengers must pay, such as airfare, surcharge, PSFC, and taxes.

【Already in effect since Apr. 1, 2011】

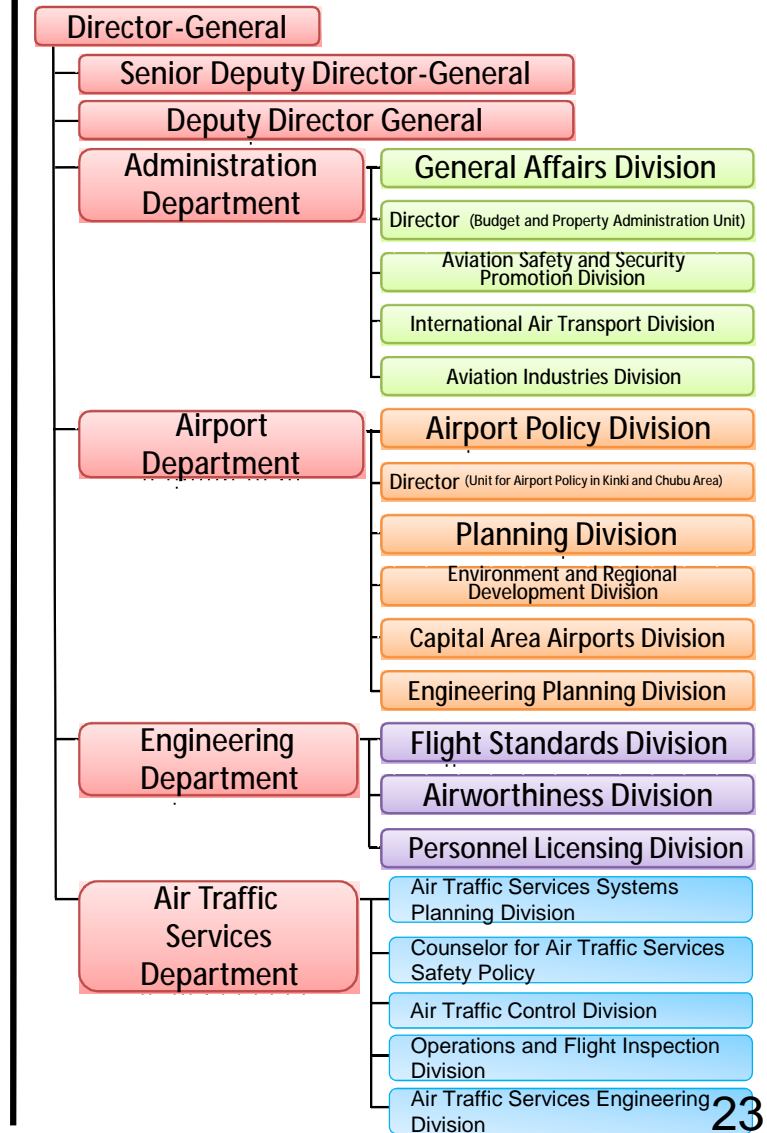
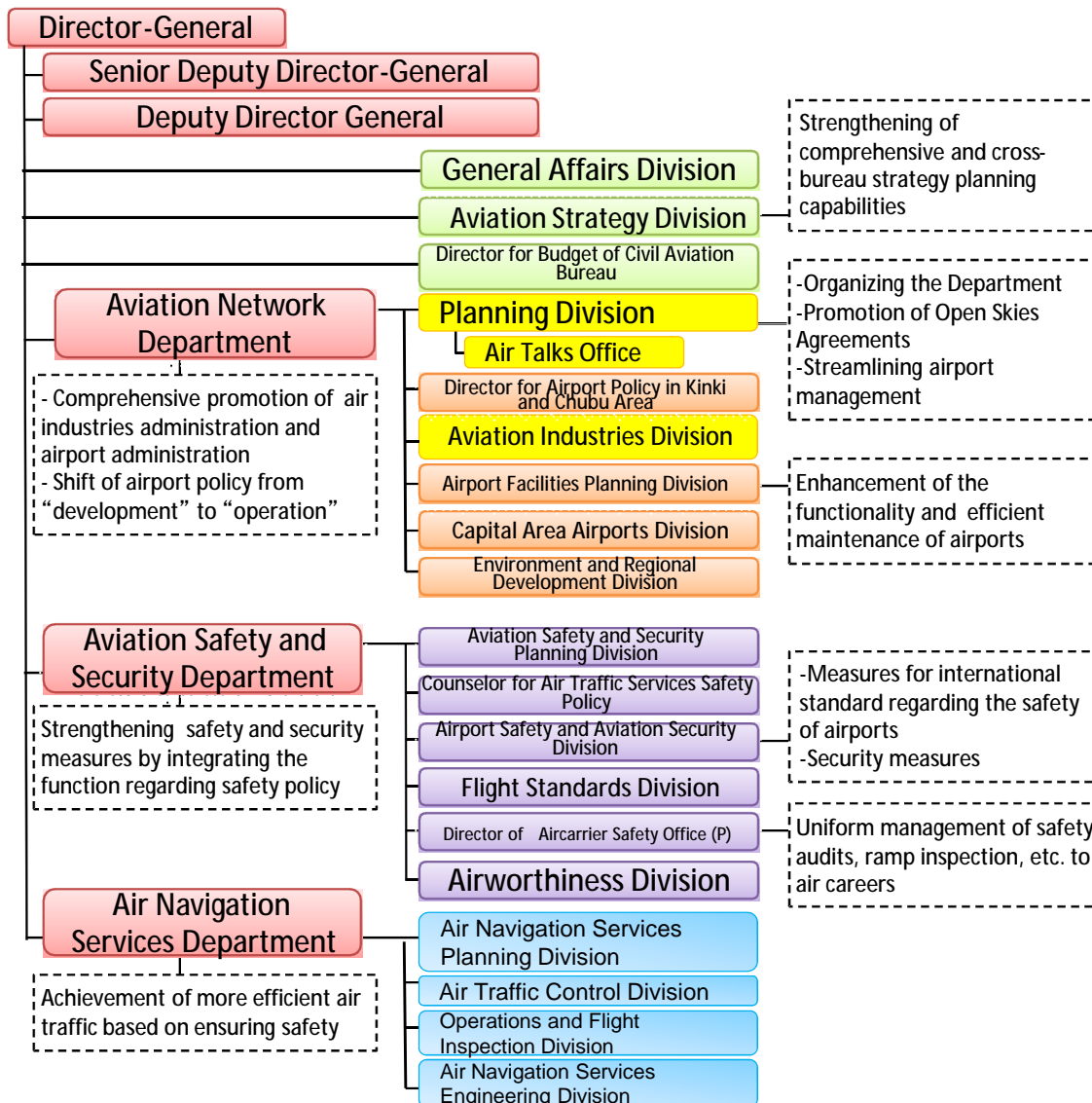
7. Reorganization of the Civil Aviation Bureau

Reorganization of the Civil Aviation Bureau **MLIT** Ministry of Land, Infrastructure, Transport and Tourism

In order to respond adequately to various challenges of the aviation administrations such as the steady promotion of the policies contained in the Growth Strategy of MLIT, the Civil Aviation Bureau will be reorganized into “Aviation Network Department”, “Aviation Safety and Security Department” and “Air Navigation Services Department” in July 2011.

<From July 1, 2011 (Schedule) >

<By June 30, 2011>



Thank you for your attention.

Contact:

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MLIT

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