Future Prospects of Civil Aviation
between Japan and the United States

Hiroshi Otsuka
Assistant Vice Minister
for International Affairs and International Aviation
Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

November 19, 2013
1. Current Situation
   (a) US-Japan Trend
   (b) Air Traffic in the World

2. Strategy to Increase International Exchange
   (a) US-Japan Tourism Market
   (b) Economic Recovery & Economic Liberalization
   (c) As the Gateway of Asia

3. Japan’s Civil Aviation Policy

4. Conclusion
Japan’s Trend of International Traffic

Passengers of International Air Transport

(Million People)

9/11 Terrorist Attacks
Sep. 2001

Iraq War/SARS
Apr. 2003

Lehman’s Collapse
Sep. 2008

Great East Japan Earthquake
Mar. 2011

NRT Open
May. 1978

TOKYO
(NRT+HND)

Other Airports

23.0 Million
(37.8%)

37.7 Million
(62.2%)

Source: Civil Aviation Bureau, MLIT

All Rights Reserved by MLIT
Number of Passengers between the U.S. and JAPAN

(Million People)

Source: Civil Aviation Bureau, MLIT

All Rights Reserved by MLIT
Global Air Traffic Growth (2005-2025 Forecast)

**NORTH AMERICA**
- 2005: 815 billion passenger-kilometer
- 2025: 2,690 billion passenger-kilometer
- Annual average growth: +5.8%

**ASIA/PACIFIC REGION**
- 2005: 967 billion passenger-kilometer
- 2025: 2,980 billion passenger-kilometer
- Annual average growth: +6.6%

**EUROPE**
- 2005: 1,005 billion passenger-kilometer
- 2025: 1,049 billion passenger-kilometer
- Annual average growth: +5.0%

**LATIN AMERICA & CARIBBEAN**
- 2005: 159 billion passenger-kilometer
- 2025: 410 billion passenger-kilometer
- Annual average growth: +4.8%

**AFRICA**
- 2005: 85 billion passenger-kilometer
- 2025: 230 billion passenger-kilometer
- Annual average growth: +5.1%

**MIDDLE EAST**
- 2005: 169 billion passenger-kilometer
- 2025: 1,452 billion passenger-kilometer
- Annual average growth: +5.8%

Source: ICAO “Outlook for Air Transport to the Year 2025”
1. Current Situation
   (a) US-Japan Trend
   (b) Air Traffic in the World

2. Strategy to Increase International Exchange
   (a) US-Japan Tourism Market
   (b) Economic Recovery & Economic Liberalization
   (c) As the Gateway of Asia

3. Japan’s Civil Aviation Policy

4. Conclusion
Foreign Visitors to Japan

(Million People)


- 5.2 million people
- 6.1 million people
- 6.7 million people
- 7.3 million people
- 8.4 million people
- 8.4 million people
- 6.8 million people
- 8.6 million people
- 6.2 million people
- 8.4 million people

2030
- 30 million people
- 20 million people
- 10 million people

Source: Japan Tourism Agency, MLIT

Visit Japan Campaign

All Rights Reserved by MLIT
Latest Trend of US Travelers to Japan

Source: Japan National Tourism Organization
No. 1 Destination in Asia for US Travelers

- Japan: 36.4%
- China: 30.2%
- Hong Kong: 30.0%
- Singapore: 25.0%
- Thailand: 24.6%
- India: 17.0%
- Korea: 15.4%
- Vietnam: 15.0%
- Indonesia: 13.6%
- Bhutan: 9.4%

Source: TravelStyles LLC, “The U.S. Market for Japan”
1. Current Situation
   (a) US-Japan Trend
   (b) Air Traffic in the World

2. Efforts to Increase International Exchange
   (a) US-Japan Tourism Market
   (b) Economic Recovery & Economic Liberalization
   (c) As the Gateway of Asia

3. Japan’s Civil Aviation Policy

4. Conclusion
Economic Growth Rate
(Quarterly Growth Rate, Annualized)

-1.2% 1.1% 4.1% 3.8%

-6% -4% -2% 0% 2% 4% 6%

4- 6. 7- 9. 10-12. 1- 3. 4- 6.
2012 2013

Source: Cabinet Office, Government of Japan
Doubling Inward Investment & Int’l Students

**Balance of Inward Direct Investment**

- ¥ 17.8 Trillion
- ¥ 35 Trillion

**Percentage of GDP**

- Global Average: 28.7%
- Developed Countries: 30.1%
- Japan: 3.9%
- UK: 49.8%
- France: 34.7%
- US: 23.2%
- Germany: 20.0%
- Korea: 11.8%
- China: 10.1%

**International Students to Japan**

- 2012: 140,000 People
- 2020: 300,000 People

**Japanese Students to Overseas**

- 2010: 60,000 People
- 2020: 120,000 People

Source: Japan Revitalization Strategy (Jun 14, 2013)
1. Current Situation
   (a) US-Japan Trend
   (b) Air Traffic in the World

2. Strategy to Increase International Exchange
   (a) US-Japan Tourism Market
   (b) Economic Recovery & Economic Liberalization
   (c) As the Gateway of Asia

3. Japan’s Civil Aviation Policy

4. Conclusion
Direct Flights between the US and JAPAN

597 Passenger and 79 Cargo Flights Operating Between the US and Japan per Week

- Japan Airlines
- All Nippon Airways
- Nippon Cargo Airways

As of IATA 2013 Summer Season

Source: Civil Aviation Bureau, MLIT

All Rights Reserved by MLIT
Narita Airport: Best Gateway of ASIA

Narita (NRT) Connects 20 US Cities & 17 ASIAN Countries/Regions

**ASIAN COUNTRIES/REGIONS**

- **EAST ASIA**
  - Japan
  - China
  - Hong Kong
  - Taiwan
  - Macau
  - South Korea
  - North Korea
  - Mongolia

- **SOUTH EAST ASIA (ASEAN)**
  - Philippines
  - Vietnam
  - Thailand
  - Myanmar
  - Laos
  - Cambodia
  - Malaysia
  - Indonesia
  - Singapore
  - Brunei

- **SOUTH ASIA**
  - India
  - Bangladesh
  - Sri Lanka
  - Pakistan
  - Nepal

- **CENTRAL ASIA**
  - Uzbekistan
  - Kazakhstan
  - Turkmenistan
  - Kyrgyz

**U.S. CITIES**

- New York JFK
- Newark
- Boston
- Washington DC
- Atlanta
- Dallas/Fort Worth
- Houston
- Chicago
- Detroit
- Minneapolis
- Denver
- Los Angeles
- San Francisco
- Seattle
- Las Vegas
- Portland
- San Jose
- San Diego
- Honolulu
- Guam
- Saipan

Source: Sabre Schedule Data (October 7 to 13, 2013) All Rights Reserved by MLIT
FedEx’s Hub Operations

- North Pacific Regional Hub at Kansai from Northern Asia to the U.S. \((\text{Operations will begin in 2014})\)

- Convenient Location and 24-hour Operations with Reliable On-time Performance

On-time Performance of International Airports \((\text{in August 2013})\)

**Japanese Major Airports**
- Tokyo Narita (NRT): 84.97%
- Tokyo Haneda (HND): 88.69%
- Osaka Kansai (KIX): 86.97%
- Nagoya Chubu (NGO): 90.49%

**East Asian Major Airports**
- Seoul (ICN): 62.07%
- Beijing (PEK): 28.88%
- Shanghai (SHA): 25.23%
- Shanghai (PVG): 27.20%

**Other Major Airports**
- New York (JFK): 71.15%
- London (LHR): 76.75%
- Paris (CDG): 65.25%
- Frankfurt (FRA): 82.25%

Source: FedEx’s Press Release and Kansai International Airport’s Press Release

Copyright: 2013 FlightStats, Inc. Published September 9, 2013

All Rights Reserved by MLIT
1. Current Situation
   (a) US-Japan Trend
   (b) Air Traffic in the World

2. Strategy to Increase International Exchange
   (a) US-Japan Tourism Market
   (b) Economic Recovery & Economic Liberalization
   (c) As the Gateway of Asia

3. Japan’s Civil Aviation Policy

4. Conclusion
Capacity Expansion for International Flights

International Capacity of Metropolitan Airports Doubled in This Decade

(Slots per Year)

200,000 220,000 220,000 235,000 250,000 270,000 270,000 300,000


390,000 Slots/Year

Increase Doubled

Source: Civil Aviation Bureau, MLIT

All Rights Reserved by MLIT
Progress of Open Skies Agreements

- Agreements with **26 countries/Regions**
- Percentage of Total Passengers to and from Japan: **94%** (As of November, 2013)

In 2010: 2  
In 2011: 10  
In 2012: 11  
In 2013: 3

Source: Civil Aviation Bureau, MLIT  
All Rights Reserved by MLIT
<table>
<thead>
<tr>
<th></th>
<th>HND</th>
<th>NRT</th>
<th>IAD</th>
<th>JFK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOM</strong></td>
<td>3,918 (91.1%)</td>
<td>492 (25.0%)</td>
<td>2,039 (80.8%)</td>
<td>2,384 (59.1%)</td>
</tr>
<tr>
<td>Unit</td>
<td>flight/week</td>
<td>(Percentage)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INT</strong></td>
<td>383 (8.9%)</td>
<td>1,474 (75.0%)</td>
<td>486 (19.2%)</td>
<td>1,649 (40.9%)</td>
</tr>
<tr>
<td>Unit</td>
<td>flight/week</td>
<td>(Percentage)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INT</strong></td>
<td><strong>Market Share</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Sabre Schedule Data (July 1 to 7, 2013)
Future of Tokyo Metropolitan Airports

Anticipated to Reach the Capacity Limit During 2020’s

<table>
<thead>
<tr>
<th>Airports</th>
<th>Slots/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>HND+NRT</td>
<td>710,000</td>
</tr>
<tr>
<td>HND</td>
<td>440,000</td>
</tr>
<tr>
<td>NRT</td>
<td>270,000</td>
</tr>
</tbody>
</table>

Future Action:
- **Present ~ March 2014:** Review All Technically Possible Options
- **April 2014 ~:** Examine Options and Address Consensus-Building
- **After Consensus-Building:** Discuss Financing and Environmental Measures, etc.

Source: Civil Aviation Bureau, MLIT

All Rights Reserved by MLIT
Noise Constraints at Haneda

- Noise Abatement is Extremely Critical at Haneda
- Any Route Change is Subject to Consensus with Local Communities
- Departure Routes Must Be Contained Over the Bay (Below 6,000 ft)
- Arrival Routes Must Avoid Noise Sensitive Areas (Below 6,000 ft)
### US-Haneda Flight Schedules (IATA 2013 Winter)

<table>
<thead>
<tr>
<th>Points in the US</th>
<th>Airlines</th>
<th>Departure in the US</th>
<th>Arrival at HND</th>
<th>Departure at HND</th>
<th>Arrival in the US</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Los Angeles (LAX)</strong></td>
<td>All Nippon Airways</td>
<td>00:10</td>
<td>05:15</td>
<td>00:05</td>
<td>17:00</td>
</tr>
<tr>
<td></td>
<td>Delta Air Lines</td>
<td>16:40</td>
<td>22:30</td>
<td>01:00</td>
<td>18:25</td>
</tr>
<tr>
<td><strong>San Francisco (SFO)</strong></td>
<td>Japan Airlines</td>
<td>18:00</td>
<td>22:25</td>
<td>00:05</td>
<td>16:15</td>
</tr>
<tr>
<td><strong>Seattle (SEA)</strong></td>
<td>Delta Air Lines</td>
<td>18:47</td>
<td>23:00</td>
<td>00:30</td>
<td>16:30</td>
</tr>
<tr>
<td><strong>New York (JFK)</strong></td>
<td>American Airlines</td>
<td>18:00</td>
<td>22:15</td>
<td>06:50</td>
<td>05:25</td>
</tr>
<tr>
<td><strong>Honolulu (HNL)</strong></td>
<td>Japan Airlines</td>
<td>17:55</td>
<td>22:00</td>
<td>23:40</td>
<td>11:55</td>
</tr>
<tr>
<td></td>
<td>All Nippon Airways</td>
<td>17:50</td>
<td>22:05</td>
<td>00:30</td>
<td>12:40</td>
</tr>
<tr>
<td></td>
<td>Hawaiian Airlines</td>
<td>17:40</td>
<td>22:05</td>
<td>23:55</td>
<td>12:10</td>
</tr>
</tbody>
</table>

Source: Civil Aviation Bureau, MLIT
Daytime International Flights at Haneda

PRESENT (2013 Winter Season)
Only East Asia (nearby Tokyo)

From 2014 Summer Season
Expand to Europe North America South East Asia

From 2014 Summer Season
Present

Source: Civil Aviation Bureau, MLIT
1. Current Situation
   (a) US-Japan Trend
   (b) Air Traffic in the World

2. Strategy to increase international exchange
   (a) US-Japan Tourism Market
   (b) Economic Recovery & Economic Liberalization
   (c) As the Gateway of Asia

3. Japan’s Civil Aviation Policy

4. Conclusion
Conclusion

We Can See a Promising Outlook for US-Japan Market!

Increasing Tourism Demand
- Doubling & Tripling Plan
- The Most Attractive Market for US Travelers in Asia
- Huge Volume of Japanese Travelers to the US

More Open Japanese Economy
- Economic Recovery
- Doubling the Balance of Inward Direct Investment
- Doubling International Students

Asian Gateway
- Convenient Location
- Extensive Network Connecting the US and Asia
- Reliable Operations with On-Time Performance

Capacity Expansion
- Doubling the International Capacity of Metropolitan Airports
- Promoting Liberalized Aviation Market
- Future Action

Toward Tokyo 2020 Olympic & Paralympic Games
THANK YOU