One year after the disasters, Japan expected to demonstrate potential

Air cargo operators prepared for change and growth

On March 11th of 2011, the massive earthquake and large-scale tsunami hit the broad area of East Japan.

It’s been a year since the unprecedented disaster, which disrupted logistic supply chains at many companies and also caused severe delay in their production lines. Nonetheless, the air cargo transportation, which is purposed to withstand disasters, hopefully maintained enough capacity to continuously hold up the global networks of logistics companies between Japan and abroad.

Looking back on the year 2011, not only Japan but other parts of the world suffered from unexpected incidents such as economic crisis in Europe, floods in Thailand and so on. In the year 2012, the Japanese logistics and air cargo industry is expected to demonstrate its potentials in facing the pressure from difficulties in the global market.

Airports as the base for relief and recovery

Shortly after the earthquake, three major airports in Japan, namely Narita, Kansai and Chubu, have been busy stringing the clothing, footwear, medicines and other relief goods senators in need at stricken areas. The large size facilities for cluster flight landed repeatedly on these gateway airports to bring electric generators and medical equipment. These devices were necessary in Tokyo and its surrounding areas because of the shortage of electricity supplied by Tokyo Electric Power Company (TEPCO) after the tragic incident at its Fukushima nuclear power plant No.1 and No.2.

“Power of Japan” in the global market

For the global market, too, the year 2011 turned out difficult as various problems fell upon every part of the world. Besides the shock of earthquake in Japan, there was a succession of severe incidents that slowed down economic activities: economic downturn in Europe originating in Greek crisis, political turbulences in the Middle East, and unexpected floods in Thailand. Influence of such incidents spread to quickly nowadays within the world where countries and areas depend strongly on each other.

In such inible static, Japanese companies in the logistics and air cargo industry must try to put more power out for the new challenges. The airports, airlines, and logistics companies in Japan, introduced in this report, have taken leading parts for holding up the logistics networks since the disasters last year. With the various channels of logistics available, they are now ready to demonstrate “Power of Japan,” or potential of the country, in the global market.

Service at airports enhanced for growing demand

To take a few examples, domestic airports in Japan are being renewed progressively for the change of demand as well as growth in the future. Located in the western end of the country, Kansai Airport in Osaka prefecture functions as the cargo hub of Kansai, is once closed shortly after the disaster. Nonetheless, the airport reopened on March 16 and the emergency process started on March 16 and the emergency flights started landing to find urgent materials in need for the suffering areas. Domestic flights by All Nippon Airways (ANA) and Japan Air Lines (JAL) also arrived at the airport on April 13, which made the first access to Tokyo area while highways and the super-express railways remained out of service.

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Narita aims for “Multifunction Airport”, Responding to diverse needs

Narita International Airport, which handles about 7% of international cargo to/from Japan, is the gate-way of the country in terms of logistics business, not just for passengers. For the industry of international air cargo, the airport continues to grow its importance as the network expands. The Narita Airport Corporation (NAC) has presented the growth concept called “Multifunction Airport,” which is the operational vision and aims to respond to the needs of air transportation industry in diverse range. Besides it, the airport is increasing capacity, or the number of take-offs and landings, from the current number of 250,000 times per year to 300,000 times per year in the near future.

Increasing capacity

At present, Narita Airport is providing two runways, a 4,400-meter runway (Runway A) and a 2,500-meter runway (Runway B). Capacity of the airport was increased to 220,000 times in March 2010 after the ex-tension of Runway B in October 2009. And later in the conference on Narita Airport by four delegates (the government, Chiba prefecture, City of Narita, and NAC) held in October 2010, the agreement was made on further increase of capacity to 300,000 times per year.

The process of capacity expansion is pro-grammed in several stages. The first stage to 235,000 times was already achieved in October 2011, by introducing the simultaneous operation of parallel runways at flight control. And further increase to 270,000 will be realized by the end of March 2012, followed by an additional 20,000 times to 300,000 times per year in the future.

Multifunction Airport

“Multifunction Airport” is the primary operational vision of NAC, developed in ac-cordance with the changing aviation needs among full service airlines, LCC, and business jets. For these years, NAC has introduced to invite LCC and prepared facilities for them upon hearing opinions at inter-continental conferences around the world. The development of special facilities for business jet operators is in progress in Nar-ita, supported by the drastic changes of the Tokyo metropolitan area. It’s unavoidable in Asia as well as other areas that the peak at the business industry flexibility leap around the cities by the smaller jets. The construction of the special facility for business jet operators is in progress.

Ready for the new types of aircraft

The new large aircraft represented by Boeing 787 and 747-8 have began to fly in Narita as the applicable facilities are available for them. The airport provides two parking spots for Boeing 787 with the special deck bridge called DUBA (Direct Upper Deck Access). Four of them are installed at Passenger Terminal 1, and the other one is at Passenger Terminal 2.

Handling 70% of cargo to/from Japan

The international flight network from Narita reaches to 91 cities in 34 countries and 3 areas (as of October 2011), and covers Americas, Europe, Asia, Middle East, and Oceania almost equally.

The yearly volume of international cargo handled in Narita has been around 2 million tons for these years. About 70% of interna-tional cargo-departing and arriving in Japan is handled in the airport, which sheds the light on the importance of Narita Airport in the international air cargo industry.

The cargo facilities in the airport consist of Cargo Building No.1 to No.7, Terminal Building, Common Import Warehouse, Maintenance Area Cargo Warehouse, Southern Cargo Building No.1 to No.5, Cargo Agent Building No.1 to No.2, and Annex Building of Cargo Agent Building No.1 to No.2, Cargo Administrative Building, and Fumigation Building. The total site area is 528,680 sqm, and the total floor space is 295,200 sqm. The total warehouse space is 260,400 sqm, while the office space is 50,000 sqm. The Cargo Building No.7, opened in October 2008, is the latest cargo facility in Narita. The track existing area is made available next to the facility. With the space accommodating about 210 traffic contrib-utes the relaxation of traffic congestion in the Cargo Area.

The current capacity of cargo handling at Narita is 2.45 million tons per year. It will be increased to 2.7 million tons after install-ing the north at JAL Cargo Building, and further to 2.7 million ton when a new fa-cility, or Cargo Building No.8 (temporary name), is constructed.

Cargo Building No.8 on proposal is lo-cated at Tennose Area. The development in this area is forwarded in two periods. In the first period, Cargo Building No.7 has been built, and the construction of Cargo Building No.8 is planned in the second pe-riod. The decision for the investment will be made upon the trend of air cargo market as well as the needs of airlines.

Logistic facilities

Narita Airport is characterized for its vi-city area, where a lot of forwarders and logistics providers hold their own facilities while the real-estate companies specialized for the industry lease out their properties. As of October 2011, there are 45 bonded warehouses around the airport owned by 39 companies. Many of them are located at the South Industrial Park, about 1 kilometer from Narita Airport in the vicinety area.

Over 2 million ton again in 2010

The volume of cargo handled in Narita during the year 2010 (from April 2010 to March 2011) announced to 2,086,182 tons in total with three years of downturn. The cargo volume for loaded cargo was 1,052,154 ton, and the unloading cargo was 956,028 ton. The record high in Narita was 2,097,226 ton achieved in 2004, made up of 1,166,209 ton of loaded cargo and 1,030,917 ton of unloaded cargo.

Forwarding efficiency

In May 2011, Narita Airport (NCA) relocated to Southern Cargo Area and consolidated its warehouses. Cargo Building No.1 and No.2, which used to be leased to NCA, are now used by All Nippon Airways (ANA), Cathay Pacific Airways (CPA), International Air Cargo Terminal (IACT) Such relocation of facilities has re-sulted in forwarding more efficiently in the operation of the entire Cargo Area.

The cargo operators in Narita aim to dis-cover together with NAA to install mea-sures for enhancing the traffi c of cargo in the airport. The discussion is set focused on the facilities for accommodating the cargo demand. The opinions from operators indicated the needs of measures such as: 1) practicing smooth carry-out to reduce retained cargo in warehouse, 2) limiting traffic congestion by disposing time of release, 5) improving the use of deck in front of warehouses, 6) fully utilizing the schedule-trucking services between the airport and the vicinity warehouses, 5) strictly observing the traffic rules applied in the air-port, 6) improving the guiding indicators for facilities and developing more efficient traffic circulation.

Area-wise share of route in international flight networks at major Asian airports

South Asia

North Asia

Other Area

"World Sky Rate Narita" (Based on the data of ICAO)

IACT develops a new business

“The independent warehouse operator provides a full range of handling services at Narita International Airport”

International Air Cargo Terminal, Co. Ltd. (IACT), an independent warehouse operator, which has been in service of airport ground handling for almost half a century, is one of the most representative and reputable cargo handling companies in Japan. Starting cargo handling services at Tokyo International Airport (Haneda) in 1966, IACT moved to Narita International Airport in 1978 when Narita was opened. IACT has ever since provided cargo handling services at warehouse for import and export cargo later on, using 5 bonded warehouses located in the center of cargo area adjacent to ramp in the airport and one warehouse, also bonded, located outside of the airport. In its fiscal year 2011, from July 2010 to June 2011, IACT handled 262,712 tons of import cargo, 39% up from the previous fiscal year, and 34,379 tons of export cargo, up 5.2% from the previous year, with its total sales being ¥8.5 billion, or US$106 million and the ordinary profit, ¥343 million, or US$4.3 million, down 13.8% year-on-year. The number of airlines, which IACT handles on a regular schedule basis at the warehouse in Narita airport as of today, is 20 that include ordinary profit, Y343 million, or US$4.3 million, down 13.8% year-on-year. The number of airlines, which

Starting a new business of Ramp & Passenger-care handling

In order to respond to the needs of airlines as well as air transport industries, IACT decided to step into new business, for IACT, of Ramp & Passenger-care handling services at Narita airport by utilizing Skyport Service Corporation (SPS), a ground handling company based in Chubu CENTRAIR International Airport. Acquiring more than half of the shares of SPS from Mindors Corporation in September 2010, IACT began providing airlines with ramp & passenger handling services at Narita in October 2010, sub-contracting such services with SPS, which opened its office at Narita at the same time.

“Through acquisition of the shares of SPS, IACT can now provide a full range of ground handling services both at Narita and Chubu airport,” says Osamu Tsukahara, President of IACT.

IACT handles 3 airlines, with its freque

Dramatic upstart of a full range of ground handling services at Narita Airport

One of the distinctive features in the area of Narita International Airport is a lot of air cargo transport is handled, not only in the airport, but at cargo warehouses outside of the airport, operated by freight forwarders and shippers. In order to meet such needs, IACT started cargo handling services outside of the airport in October 2003. In March 2008, IACT opened its own new facility, IACT Narita Logistics Center, where, at the beginning, IACT mainly handled export cargo, brought into the warehouse by freight forwarders, to prepare for their shipments for exporting.

In March 2011, IACT obtained a certificate of AEO warehouse from Tokyo Customs for handling cargo at the IACT Narita Logistics Center, which is an international transportation system, and low cost.

Main targets for improving the current ACE arc; (1) FT rate induction (2) Creating a new compatible system or standard which other airlines/handling companies can use (3) Expanding the scope of works to which the current system can not apply when cargo handling business at warehouse is more increased (4) Enhancing efficient and quick cargo handling (5) Simplifying operation in cargo of the cargo handling system, for which IACT is now aiming to newly build up a leaner and stronger cargo handling system for the future.

Activities at Haneda airport

At Haneda airport, which used to be the sole international airport in Tokyo and its vicinities until Narita airport was opened in 1978, IACT initiated airport cargo handling as a pioneer in 1966, and IACT moved to Narita airport in 1978. IACT has become engaged with Haneda airport, a birthplace of IACT, again since October 2010 under a contract with Haneda Air Ground Handling (HAGH), to handle cargo with know-how amassed by IACT through its long experience, at the facility owned by Tokyo International Air Cargo Terminal (TACT).

IACT USER AIRLINES

IACT has furnished its own superb computing system for warehouse cargo handling, developed by IACT through long experience extending over almost half a century.

IACT has now launched and improved the current cargo handling system, called “ACE,” to attempt to meet a lot of needs arising from air transport industries for a faster and more efficient warehouse cargo handling with accuracy and low cost.

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An Ideal Supply Chain Solution, Assisting You With Variety of Opleins And Experience at Narita and Chubu-Nagoya airport

We Are a Group of Professional Air Cargo Handlers, Bringing Japan And the Rest of the World Closer Together.

International Air Cargo Terminal, IACT has been providing a full range of cargo handling services in our activities (1) Importing air cargo since 1966 and has started handling exporting cargo as well since 1999 involving cargo documentation, packing of freight and bonded warehousing. In 1989, by acquisition of management rights of Skyport Service Corporation, a ground handling company, IACT has launched a new service of air transport handling for air transport companies such as handling/transporting big lots of international freight, loading/unloading of cargo, cleaning inside of aircraft, flight operations, aircraft maintenance support, pushing back aircraft to the terminal, etc. as well as passenger care, which have greatly contributed to the entire services provided by airlines to their customers in terms of efficiency of their entire operations, and thus, help reducing their costs.

IACT serves as an airport ground handling company at Narita and Haneda airports, the two international airports of Japan, and a number of airlines, such as Northwest Airlines, Korean Air, Delta Airlines, Air China, Air Canada, Air France, and KLM, have been served by IACT under the facilities built up by IACT for their respective needs. Since its establishment in 1966, IACT has been providing a full range of cargo handling services at Narita International Airport, a major international airport in Tokyo, Japan. IACT has been known as a pioneer in the field of air cargo handling services, and has been providing high-quality, cost-effective services to airlines and other clients. In addition to its cargo handling services, IACT has also been providing passenger care and ramp services at Narita International Airport. With its state-of-the-art computing system for warehouse cargo handling, IACT has been able to provide efficient and effective services to its clients. IACT has a strong commitment to providing excellent customer service and maintaining the highest standards of safety and security. IACT’s services are available to airlines and other clients around the world, and the company is dedicated to meeting their needs and expectations. IACT is a trusted partner for airlines and other clients in the air cargo transportation industry, and has a reputation for excellence and reliability. IACT’s services include cargo handling, passenger care, ramp services, and other related services. With its strong infrastructure and experienced staff, IACT is well-equipped to provide high-quality services to clients around the world. IACT’s commitment to excellence and its dedication to meeting the needs of its clients have made it a leading player in the air cargo industry. IACT is committed to continuing its growth and expansion, and is always looking for new ways to serve its clients and meet their needs.
Transport services with ANA quality from overseas to Japan's regions

Responding to diverse needs PRIO Connection - Hub

All Nippon Airways Co., Ltd. (ANA) introduced “PRIO Connection” which provides new cargo transport service utilizing flights to/from Haneda Airport (Tokyo International Airport) from the 2011 winter schedule. This product, connecting international and domestic flights of ANA at Haneda, has realized a comprehensive transport service from overseas to regional airports in Japan by use of ANA’s single international airway bill (AWB) which issued by forwarders. In addition to the improvements such as shortening of lead time and cost reduction, it became possible to make air transport service to deliver cargoes to the nearest local airports where consignees are even by forwarders who do not have function for customs clearance at local airports.

ANA Cargo will continue introducing transport platform that can support forwarders’ business. The following chart shows ANA’s recent routes to/from Haneda airport.

### Overseas airports

- LAX
- FRA
- HKG
- SIN
- BKK
- ICN
- TPE
- PVG/SHA
- HKG
- DPS
- TLS
- MUC
- NRT
- AMS
- SIN
- MNL
- JFK
- SFO
- LAX
- FRA
- HKG
- SIN
- BKK
- ICN
- TPE
- PVG/SHA
- HKG
- DPS
- TLS
- MUC
- NRT
- AMS
- SIN
- MNL
- JFK
- SFO

### Local airports in Japan

- Tokyo
- Osaka
- Nagoya
- Fukuoka
- Kobe
- Sapporo
- Hakodate
- Itami
- Kansai
- Sendai
- Sapporo
- Nagoya
- Kobe
- Fukuoka
- Hakodate
- Itami
- Kansai
- Sendai

### Trans shipping cargo to domestic airports with single AWB

ANA is promoting PRIO series as freight service products. PRIO Connection, started from the 2011 winter schedule, is a service connecting ANA’s international and domestic services at Haneda Airport enabling to cut lead time by a bigger margin compared to the transport service to domestic airports which require handling at ANA’s warehouse. PRIO Connection makes ANA AWB, which issued by forwarders, possible to cover the whole transport process from an origin overseas to a local destination in Japan. One of its advantages is that it does not require issuing new AWB for domestic transport unlike conventional way of going through customs clearance at other major airports (i.e. Narita and Kansai airports)

### Other PRIO products also renewed

Other PRIO series products, PRIO Express, PRIO Freight and PRIO Cool, have been renewed. All the routes ANA flies are subject for the renewed services. “Pay upon delivery” has also been promoted. PRIO Express is an express service by shipping leading priority system making transport time as short as possible. It comes with money back guarantee under the condition; (1) Release of cargo within 24 hours after its arrival at the airport in Japan, (2) Bulk cargo, (3) Cargo weighs less than 300 kg per AWB and 100 kg per package.

PRIO Freight is specially designed for loading guarantee by excluding limitations of receiving cargo and accepting all cargos.

### Lead time is shortened as much as 4 hours

An inbound cargo only takes about four hours for going through ANA’s warehouse at Haneda and the customs clearance until connecting to domestic flight. Transporting a cargo from Shanghai to Hiroshima, for example, the transport flow of PRIO Connection (a factory in Shanghai – Pudong Airport – Haneda Airport – Hiroshima Airport) can shorten as much as four hours compared to the conventional transport flow (a factory in Shanghai – Pudong Airport – Haneda Airport – Hiroshima Airport). This product, connecting to domestic flight. Transporting a cargo from Shanghai to Hiroshima, for example, the transport flow of PRIO Connection (a factory in Shanghai – Pudong Airport – Haneda Airport – Hiroshima Airport) can shorten as much as four hours compared to the conventional transport flow (a factory in Shanghai – Pudong Airport – Haneda Airport – Hiroshima Airport). These local airports in Japan is subject number 18, namely Koriyama, Shimohama, Komatsu, Toyama, Okayama, Hiroshima, Yonago, Takamatsu, Miyazaki, Yagiyashiki-Usu, Tokushima, Saga, Nagasaki, Oita, Kagoshima, Miyazaki, Kagoshima. Main local airports are planned to be gradually added. Talks between forwarders and ANA are taking place at the moment for concluding the customs agent contract for inbound cargo.

### Lead time

<table>
<thead>
<tr>
<th>Route</th>
<th>Lead Time</th>
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<tbody>
<tr>
<td>Tokyo</td>
<td>4 hours</td>
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<tr>
<td>Osaka</td>
<td>4 hours</td>
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<td>Nagoya</td>
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<td>Fukuoka</td>
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<td>Kobe</td>
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<td>Kansai</td>
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<tr>
<td>Sendai</td>
<td>4 hours</td>
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### New PRIO Products Benefit Forwarders

ANA has reinforced its service from overseas stations to regional airports in Japan via TOKYO (HANEDA) Airport.

**PRIO Cool**

- For low- and fixed-temperature transport such as medical supplies, semiconductors, chemicals, and it has also started handling dangerous cargo.
- Loading a cargo to a designated flight is guaranteed. Dry ice is available too.

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- PRIO Freight is specially designed for loading guarantee by excluding limitations of receiving cargo and accepting all cargos.

### Final Note

Relocation of the cargo is within 120-180 minutes after its arrival at the airport in Japan. PRIO Cool is for low- and fixed-temperature cargo transport. This is a service to accept cargo not only by refrigerated container unit but also by unit in kg. PRIO Cool service corresponds to cargos that require low-temperature transport such as medical supplies, semiconductors, chemicals, and it has also started handling dangerous cargo. Loading a cargo to a designated flight is guaranteed. Dry ice is available too. ANA Cargo together with its group companies provides high quality transport platform to closely support those forwarders engaged in air cargo business in Asia.
Okinawa fosters an Asian air and sea logistics base

Naha Airport ranks 3rd in Japan for international cargo

The prefecture of Okinawa pursues development to be an international logistics base in Asia, Okinawa Island flourished during the Ryukyu Dynasty by trading with overseas countries. Nowadays, they intend to foster the industrial complex area around Naha Airport as well as Naha Harbor and Nakanougu Port by offering financial benefits to businesses. Since October 2009, Naha Airport has been used by All Nippon Airways (ANA) for their cargo hub. Okinawa focuses on the development of a trading network supported by air and sea transportation.

ANA’s cargo hub opened

At present, Naha Airport is equipped with a 3,000-meter runway while the construction of a 2,700-meter runway is proposed for the future expansion. The volume of international cargo handled from April 2010 to March 2011 jumped to 154,415 tons, three times the amount handled during the same period of the year before when 54,538 tons of loaded cargo and 78,877 tons of unloaded cargo. As a result, the airport has ranked third in Japan after Narita and Kansai for international cargo throughout.

The breakthrough of Naha Airport was brought about by the capability of a new cargo terminal opened on September 30, 2009. The total floor space of the new terminal is 45,800 square meters, five times larger than the previous one. ANA began to use Naha as one of their bases for cargo business. The so-called “Okinawa Cargo Hub” of ANA went into operation on October 26, 2009. As the first authentic cargo hub in Japan, ANA placed it at the center of its network and linked it to three domestic airports (Narita, Haneda, Kansai) and five foreign airports (Seoul, Shanghai, Hong Kong, Tokyo, Bangkok). Flights between Okinawa and each city are operated by Boeing 777’s (customized for ANA) that the airport can handle. The result is that Naha Airport has made rapid increase in cargo volume.

The plans for a new cargo terminal at the airport were inspired by the “Asian Gateway Initiative” that the government unvield in May 2005. The initiative called for opening the skies (air liberalization) of Asia to expand the freedom and flexibility of air transportation by means of deregulation. Okinawa, at the same time, has tried to foster the air logistics industry as the third local industry after tourism and telecommunications.

Okinawa is closer to other Asian countries than other parts of Japan particularly some cities in Southeast Asia which can be reached within four hours. And Naha Airport’s 24-hour operation is able to support businesses at the airport. Not only freighters but all types of aircrafts are also offered variety of support from Okinawa.

Okinawa has succeeded in inviting the telecommunications industry, which used to be thought quite difficult to lure. Companies such as Sony Supply Chain Solution, IBM, and Nippon Express have opened offices and call centers. For the next step, the prefecture is making efforts toward the development of the international logistics industry, including ongoing air logistics.

Framework of the Special Economic Zone

The closeeness between Naha Airport and Naha Harbor is a distinctive feature of Okinawa’s logistics infrastructures. Currently, at the Shinko Terminal Area of Naha Harbor, berth No.9 and No.10 are in operation. The volume of international cargo handled in 2010 was 84,193 TEUs (20-foot-container equivalent), 5.8% over last year. Capacity of the berth at present is 450,000 TEUs. The construction of berth No.11, with 175,000 square meters (20-feet-container equivalent), 5.5% over last year is planned for the future. To utilize these infrastructures, the local government of Okinawa has declared the institution of a Special Zone, called “The Complex Area for Industries around the International Logistics Base (temporary rules),” intended to develop industries centered around the airport and seaport. The Special Economic Zone is applied only within Okinawa Prefecture and aims to offer financial benefits such as a reduction of corporate and other national taxes, subsidies for local taxation, rewards for local employment and investment, and so on.

The prefecture conceives that the designated areas for the special zone should be in the vicinity of Naha Airport and Naha Harbor, as well as Nakanougu Port in the southern part of the island. Also it aims to improve the present scheme in items such as “taxation,” “subsidies,” “rewards,” “deregulation” and so on. The revised scheme will start from this April.

Okinawa in the age of the Ryukyu Dynasty

The Ryukyu Dynasty, which flourished through trading with countries across the ocean, is said to be the first of Okinawa’s harbor to go back to 580 years ago, when King Shang Bazhi, first in history to unify Okinawa Island, began to use it as the departure point for trade with China. The seventh child of Shang Bazhi, Sha Tai took the throne of the dynasty at age 40. He became a Buddhist and built a bell of temples, including the famous bell called “Bankoku Shinryou.” The bell is now displayed at Okinawa Prefectural Museum. The word “Shinryou” means “a bridge” (while “Bankoku” means “all nations”). The Ryukyu Dynasty flourished as a cosmopolitan city because of its location in the middle of trading routes between Asian countries and Japan. To reiterate in modern words, the dynasty developed on the business model of an “International Logistics Hub.” In the future, the prefecture of Okinawa is also planning to invite the world with air and ocean network.

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Okinawa has succeeded in inviting the telecommunications industry, which used to be thought quite difficult to lure. Companies such as Sony Supply Chain Solution, IBM, and Nippon Express have opened offices and call centers. For the next step, the prefecture is making efforts toward the development of the international logistics industry, including ongoing air logistics.

Framework of the Special Economic Zone

The closeeness between Naha Airport and Naha Harbor is a distinctive feature of Okinawa’s logistics infrastructures. Currently, at the Shinko Terminal Area of Naha Harbor, berth No.9 and No.10 are in operation. The volume of international cargo handled in 2010 was 84,193 TEUs (20-foot-container equivalent), 5.8% over last year. Capacity of the berth at present is 450,000 TEUs. The construction of berth No.11, with 175,000 square meters (20-feet-container equivalent), 5.5% over last year is planned for the future. To utilize these infrastructures, the local government of Okinawa has declared the institution of a Special Zone, called “The Complex Area for Industries around the International Logistics Base (temporary rules),” intended to develop industries centered around the airport and seaport. The Special Economic Zone is applied only within Okinawa Prefecture and aims to offer financial benefits such as a reduction of corporate and other national taxes, subsidies for local taxation, rewards for local employment and investment, and so on.

The prefecture conceives that the designated areas for the special zone should be in the vicinity of Naha Airport and Naha Harbor, as well as Nakanougu Port in the southern part of the island. Also it aims to improve the present scheme in items such as “taxation,” “subsidies,” “rewards,” “deregulation” and so on. The revised scheme will start from this April.

Okinawa in the age of the Ryukyu Dynasty

The Ryukyu Dynasty, which flourished through trading with countries across the ocean, is said to be the first of Okinawa’s harbor to go back to 580 years ago, when King Shang Bazhi, first in history to unify Okinawa Island, began to use it as the departure point for trade with China. The seventh child of Shang Bazhi, Sha Tai took the throne of the dynasty at age 40. He became a Buddhist and built a bell of temples, including the famous bell called “Bankoku Shinryou.” The bell is now displayed at Okinawa Prefectural Museum. The word “Shinryou” means “a bridge” (while “Bankoku” means “all nations”). The Ryukyu Dynasty flourished as a cosmopolitan city because of its location in the middle of trading routes between Asian countries and Japan. To reiterate in modern words, the dynasty developed on the business model of an “International Logistics Hub.” In the future, the prefecture of Okinawa is also planning to invite the world with air and ocean network.
KIX steps forward to “international cargo hub”
Linking across Asia and Pacific

Kansai International Airport (KIX) seeks the vision of “international cargo hub” by enhancing function for air cargo business. KIX has been able to provide a 24-hour operation since the opening of the second runway in August 2007, and also it recently opened the special warehouses for fresh cargo and medical shipment which are the biggest among domestic airports in Japan. KIX is now ready to take a step forward, not just to meet demand for international cargo to/from Japan, but as an “international cargo hub” linking across the Asia and Pacific areas.

Discovering new needs
Shinichio Fukushima, President & CEO, Kansai International Airport Company

How do you observe the current and future status of air transportation and air cargo markets?

Kansai International Company has been increased with continuous of air traffic from the Great East Japan Earthquake. Restoration and SEOs full recovery from the disaster is also expected.

What outlook do you have in export?

Japan is one of the largest export destinations, and also the freight demand is in high growth. Therefore, we should focus on medical and fresh cargo. We think we can find better ideas if two airports work together than being a single.

Please tell us about the strategy for new cargo business.

Kansai International Company wants to step up the function of our airport as an international cargo hub, to link through Osaka with the rest of Japan. We are setting up a new cargo area at south of the second runway island to meet boosting demand of high growth commodities. The second cargo areas, with dimensions of 4,000 m x 3,500 m, has been a key player connecting these Japanese industries to the world market. It is in preparation for a new cargo area at south of the second airport island to meet boosting demand.

To expand operations of medical shipment, KIX has opened a special common temperature-controlled warehouse called “KIX Medic” in September 2008, in the international cargo area on the first airport island. Operated by KIAC, this facility is the first in Japan to be specialized only for operation of medical shipments. The warehouse has already expanded storage capacity by 50% in July 2011, by increasing racks inside the facility. The contract at beginning started with only 4 shippers and now is boosted up to 32, which seems to prove evaluation from their service on quality.

Kansai designated as Special Zone structure is support working system to internationally divide. Providing the cold-chains logistics should be one of the agendas for the concept of the special zone, KIX may play more significant role with its enhanced facilities.

Idéal location for transport

There are several reasons that KIAC seeks the vision of “international cargo hub.” First of all, the location is ideal for transit in case of transportation crossing the Pacific area. Japan is located in an advantageous geographical position of other countries to Asia and North America, a gateway between Asia and North America. Growing demand of fresh goods in the Pacific area and the transpacific flights by airplanes in Asia are the strong factors to support KIX.

In addition, KIX is the only airport in Japan equipped with the long parallel runways, ready for round-the-clock operation, and holding absolutely space for future growth. Finally, the airport is supported by strong demand of the Kansai and entire Japan market.

KIX also focuses its eyes on growing demand for Japanese “foods,” which gets highly popular in Asia. Operation of fresh cargo needs simultaneously as much as of medical shipments. The airport provides temperature-controlled warehouse on the first airport island only for fresh shipping. Kansai International Airport Company (KIAC) is making promotional activity on Japanese farm products and cuisine abroad, to develop sales routes as well as increase demand for air transportation.

Record high 2011 winter season

The weekly number of scheduled international flight for the 2011 winter season in KIX increased highest in the past; the total scheduled flights counted 792 flights/week, and the cargo flights representing 172 flights/week also recorded the fourth highest.

There were several good factors found behind these achievements; such as effective promotional activities conducted by public and private, and expansion of the Asian market. KIX in Asia and Pacific, “KIX in Asia and Pacific,” it makes way to be a transit airport linking Asia and the world. KIX and Osaka, “NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.” will be set up in April 2012. While completing the merger process in July, the agreement for business operations and concessions are being planned. Everybody’s attention is focused on what kind of investors and private companies will be participating in the operation of both airports. KIAC will become a holding company after completion of merger process.