CURRENT APPROACHES TOWARD FURTHER ENHANCEMENT OF AIRPORT MANAGEMENT IN JAPAN

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1. Background
   - Airport management in Japan
   - Socio-economic motivation for reforms

2. Examples
   (Current approaches for enhancement of airport management)
   - NKIAC (Merger of KIX and ITM)
   - “National Airports”
Airport development status in Japan (As of September 2012)

| Administrator 2012.7~ |  
|----------------------|---|
| Corporation          | 3 |
| Central Government   | 20 |
| (JCAB)               |   |
| Local Government     | 67 |
| MOD (Ministry of Defense) Or US Armed Forces | 7 |
| Total                | 97 |

**Map:**
- **Fukuoka**
- **Kansai**
- **Chubu**
- **Narita**
- **Haneda**
- **Naha**
- **Okinawa Islands**
<table>
<thead>
<tr>
<th>Airport</th>
<th>Operator</th>
<th>Key Facility</th>
<th>Air Traffic Control Facility</th>
<th>Passenger Terminal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Runway</td>
<td>Taxiway</td>
<td>Apron</td>
</tr>
<tr>
<td>Haneda</td>
<td>JCAB</td>
<td>JCAB</td>
<td>JCAB</td>
<td>JCAB</td>
</tr>
<tr>
<td>Narita</td>
<td>Private Company</td>
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<tr>
<td>Kansai</td>
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<tr>
<td>Chubu</td>
<td>Private Company</td>
<td>Private Company</td>
<td>Private Company</td>
<td>Private Company</td>
</tr>
<tr>
<td>Other Hub Airports</td>
<td>JCAB</td>
<td>JCAB</td>
<td>JCAB</td>
<td>JCAB</td>
</tr>
<tr>
<td>Regional Airports</td>
<td>Local Gov.</td>
<td>Local Gov.</td>
<td>Local Gov.</td>
<td>Local Gov.</td>
</tr>
</tbody>
</table>
The number of domestic air passengers (1981 to 2010)

Trend change by purpose of trip (1981 = 100)
Motivation for reforms based on socio-economic background

**Efficiency and effectiveness**

- Airport management is top agenda, as investment in airport development has become the final phase.
- Japan’s stable growth rate leads austerity measures.

**Flexibility**

- Ensuring user-friendly airport management for competitiveness of airports.
- Meeting local demand for revitalizing local economy by attracting more tourists etc. at the midst of aging society.
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NKIAC’s approach for enhancement of management

Active strengthening of KIX and ITM by balance sheet reform

“New-Kansai International Airport Co. Ltd (NKIAC)”

- Accompanying the management integration of KIX and ITM, two airports are now managed by NKIAC, which equity is totally funded by government,

- NKIAC takes the hub airport strategy by attracting Japan’s LCCs and US’s FedEx etc.

- NKIAC is preparing for transferring the management rights of NKIAC’s airports to the private sector through a concession agreement.
Characteristic of “National airports” (1)

Each airport has its own conditions and constraints.
( size of airports, climate, location of airports…)

“National Airports” administered by the National Government

“Military Airports” ※
※ It’s open for private aviation within an extent that doesn’t hinder the military activities

(1) Haneda
(2) Shin-Chitose
(3) Wakkanai
(4) Kushiro
(5) Hakodate
(6) Sendai
(7) Niigata
(8) Hiroshima
(9) Takamatsu
(10) Matsuyama
(11) Kochi
(12) Fukuoka
(13) Kitakyushu
(14) Nagasaki
(15) Kumamoto
(16) Oita
(17) Miyazaki
(18) Kagoshima
(19) Naha
(20) Sapporo
(21) Chitose
(22) Hyakuri
(23) Komatsu
(24) Miho
(25) Tokushima
(26) Misawa
(27) Yao
※1 The Total of MLIT’s airports balance of aeronautical business and the private sector’s balance of non-aeronautical business (2009)

Each airport has its own conditions and constraints.
( size of passengers, earnings…)

※ EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization = Ordinary Profit + Interest Expense + Depreciation

※ (21) Chitose airport, (27) Yao airport and (22) Hyakuri airport are not mentioned because Chitose and Yao have no passenger and Hyakuri airport opened in March 2009.
Key Objective
- To make airport operation more flexible, based on diverse characteristics of each airport, extracting expertise from private sectors through concession

Key Drivers
- To make each airport more attractive, revitalizing local communities
- To increase number of flights and visitors to each airport, expanding aviation network
- To increase competitiveness and efficiency by improving non-aeronautical business

Preparing framework for concessions of the whole or a part of 27 “National Airports” by providing the airport management rights to private sectors

Current
Landing charges on 27 airports are uniform nationwide and managed in one account

Future
Unite “air-side” and “land-side” operation and management
Managing income & cost enables each airport to set landing charge accordingly
Thank you for your attention

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