

# Cargo Operations



**Operations were boosted by higher levels of home-delivery service items and the cheaper yen, which spurred a rise in exports from Japan. JAL capitalized on its painstaking approach to business and increased both the total volume and value of total cargo freight for the year.**

## **Results—Year Ended March 31, 1997**

A relatively cool summer and an outbreak of E. coli O-157 both negatively impacted the volume of fresh goods transported domestically by air. This was offset, however, by solid growth in the home-delivery sector. JAL concentrated sales efforts on trunk routes and on expanding its share of regional business by tailoring services to particular

regions. As a result, total domestic cargo volume rose 5.0 percent to 273 million-ton kilometers, with revenues rising 2.0 percent to ¥30.0 billion (US\$241.8 million). On the international side, although growth in imports stalled, freight exports posted excellent growth on the back of the yen's depreciation. Total international cargo volume rose 4.6 percent to 3,857 million-ton kilometers. Sector revenues as a whole increased 11.5 percent to ¥147.8 billion (US\$1,192.2 million).



New-style lighter containers made out of carbon help lower fuel consumption.



JAL operates 42 different cargo routes within any one week.

## **Highlights of the Year**

JAL made progress in diversifying the range of domestic goods it transports as cargo. In addition, the flexibility provided by the discount fare banding system allowed JAL to enhance the convenience of customer services. Another benefit of the system was that it allowed some aircraft to be freed up



JAL has been developing the Super Logistics strategy for its cargo operations since July 1995.

at the busy November-December year-end period to be used as dedicated cargo freighters.

Growth in cargo trade between Japan and the flourishing economies of the rest of Asia continued. Following an agreement with Malaysia Airlines, in January 1997 JAL established a new dedicated cargo freighter route between both Tokyo and Osaka (Kansai) and Penang. During the peak season, freighter flights were added to the busy Seoul and Shanghai routes. Moreover, in June the company increased the number of dedicated cargo flights on the Chicago, Europe and Pacific routes.

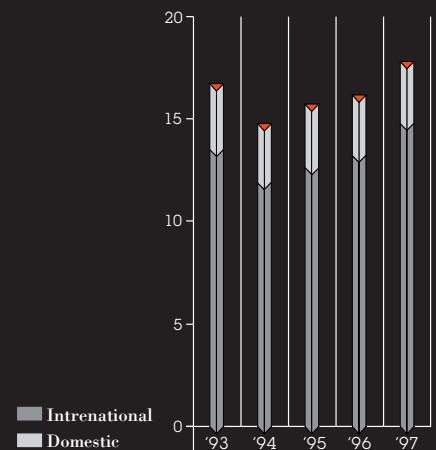
To improve services by reducing total transport time on the heavily-used Southeast Asian and American routes, JAL introduced a new priority cargo loading and delivery service called J Speed.

### Outlook

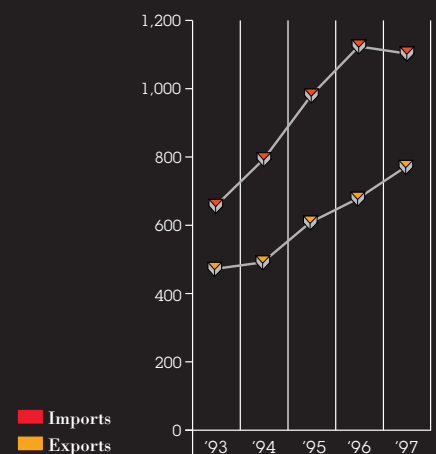
Cargo revenues and volume in the home-delivery sector hit record highs during the year. The consumption tax hike of April 1997, coupled with the dissolution of a special tax reduction and other factors that may hinder the economic recovery, point to difficulties in the current year. However, with new routes coming on-stream, JAL will continue to broaden its domestic air cargo franchise.

Overseas, demand should continue its solid upward trend. Based on its Super Logistics philosophy introduced in July 1995, JAL anticipates that it can further expand business not only in established Europe and Pacific markets, but also in the emerging markets of Asia.

**Consolidated Cargo Revenues**  
(Billions of Yen)



**Air Cargo Imports to and Exports From Japan**  
(Thousands of Tons)



**Revenue Freight Ton-Km Performed**  
(Billions of Ton-km)

