



Japan International Transport Institute  
JITI Newsletter No. 5  
September 2006

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## Greeting

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In Washington D.C., we have experienced a tremendously hot and dry summer this year. I hope all will have wonderful autumn. I am pleased to send the 5<sup>th</sup> edition of the Newsletter.

We have experienced a continuous increase in oil prices in this summer. Soaring oil prices challenge people to change their lifestyles. This October, we will hold a seminar on environmentally friendly commute to raise people's awareness of the issue and promote the use of public transportation. We plan to invite government experts and public transportation operators both from U.S. and Japan as speakers and panel discussion participants. I hope this seminar will be interesting and exciting to all of you.

The influence of ascending fuel prices has been felt also in the aviation industry. Last year, two major network carriers filed for bankruptcy protection. This month, JITI will put out a report on the present condition and future outlook of the US Aviation Industry. This report will address questions like whether the major network carriers' efforts to reform their business model pays off or not and whether the low cost carriers will continue to grow at the current pace or not.

JITI's activities and detail about its seminars can be found in this newsletter, as well as on our website at <http://www.japantransport.com>. I look forward to your participation in our activities.

Sincerely yours,

Jiro Hanyu, President  
Japan International Transport Institute



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## Next Seminar

### *A Seminar on Environmentally Friendly Commute*

#### [Date and Place]

October 27, Friday, Seminar 2:30-6:00pm, Reception 6:00-7:00pm  
Ritz-Carlton 1150 22<sup>nd</sup> Street, NW Washington D.C., 20037

#### [Purpose]

While transportation accounts for 20 to 30 % of total CO<sub>2</sub> emissions in industrialized countries, most of them originate in cars. The CO<sub>2</sub> emissions from the transportation sector are growing rapidly. Passenger cars contribute more than one third of total CO<sub>2</sub> emissions from the transportation sector in the U.S., and is the largest source of CO<sub>2</sub> emissions in the transportation sector. A passenger car is daily used for our commute, and through our individual efforts combined with effective policies, we can make difference in making it more environmentally friendly.

This seminar explores the future direction of how to make our commute more environmentally friendly through keynote speeches and exchanges of views by policy makers and transportation service providers from both U.S. and Japan.

#### [Participants]

U.S. Department of Transportation, U.S. Environmental Protection Agency, American Public Transit Association, King County (Seattle) Metro Transit, Japan Railway Construction, Transport and Technology Agency, Tokyo Metro and JITI

#### [Agenda]

#### OPENING REMARKS

Jiro Hanyu – President, Japan International Transport Institute

#### KEYNOTE SPEECH

The government and industry representatives deliver a keynote speech on the policy measures to promote environmentally friendly commute (EFC) and their efforts to increase ridership and their challenges.

U.S. : **James S. Simpson**, Federal Transit Authority (FTA) Administrator  
(Invited)

**American Public Transportation Association Representative (Invited)**  
**Kevin Desmond**, General Manager, King County Metro Transit,  
Washington State

Japan : **Masato Obata**, President, Japan Railway Construction, Transport and



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Technology Agency  
Hisashi Umezaki, President, Tokyo Metro

### **PRESENTATIONS**

**Shigenori Hiraoka**, Senior Representative, JITI

“The Dulles Corridor Metrorail Project is the answer to EFC?”

### **PANEL DISCUSSION**

Experts will discuss public and private roles to promote EFC, and their challenges.

#### < Participants >

EPA(Moderator), FTA, APTA, King County Metro Transit, Tokyo Metro and JITI(EPA will make a presentation to lead off the panel discussions.)

**Sarah Dunham**, Division Director, Transportation and Climate Division, U.S. Environmental Protection Agency

#### **FTA Representative**

**Ms. Luræ B. Stuart**, Senior Program Manager, Bus Technical Programs, APTA

**Kevin Desmond**, General Manager, King County Metro Transit, Washington State

**Masamichi Ohno**, Manager, Customer Relations Section, Planning & Management Department, Tokyo Metro Tokyo Metro

**Shigenori Hiraoka**, Senior Representative, JITI

## Study Groups

### **(1) Study Group on Measures to Curb CO2 Emission from Road Transport**

In regards to the present situation of the Kyoto Protocol, we have focused on the transportation sector's problem of CO2 emissions and we feel that there are two major problems. The first is that it is a necessity that major producers of CO2 emissions in the world including not only developing nations whose CO2 emission levels are expected to escalate in the future, but also the United States, be incorporated in a new international framework. The second problem is the effectiveness of the Kyoto Protocol's mechanism. With the present Clean Development Mechanism (CDM), CO2 emission reduction measures have stopped all small scale progress due to institutional problems in the transportation sector, especially in automobiles. We are in a situation where we have no effective measures to curtail explosive motorization in developing nations.

In order to propose workable solutions to these problems, we started a study group on the matter. This study group consists of famous economists, specialists in



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automobile engineering as well as related officials from the Ministry of the Environment and the Ministry of Land, Infrastructure and Transport. This year we also have the cooperation of active Chinese policy makers and the World Resources Institute from the United States. The main objectives of this study group are to perform quantitative analysis on motorization in upcoming developing nations and to examine effective policies and systems to decrease CO2 emissions from road transportation. This year especially, we plan to individually study China, India, and the United States by calculating the increase in CO2 emissions. In the end we hope to, among discussions of post-Kyoto Protocol, find some effective measures to reduce CO2 emissions for the transportation sector, as well as propose new systems to fight against global warming.

## **(2) Chicago Convention Study Group**

After more than 60 years since its birth, the Chicago Convention not only became obsolete for current international civil aviation that has expanded its networks dramatically and experienced dynamic structural changes, but also poses fundamental problems as an international legal framework that governs international civil aviation.

With these problems as a backdrop, JITI established the Chicago Convention Study Group, consisting of experts from Japan and U.S. The group met once in January and once in April to discuss the future direction of an international regime to govern international aviation. The final report is due within this year.

Based on the final report, JITI will hold a seminar on the liberalization of international aviation in winter 2007. Please stay tuned for it.

## **(3) Intelligent Surveillance Technologies in Transportation Terminals including Rail Station Study Group**

In order to address terrorism threats to surface transportation, transit operators have enhanced police patrols in their facilities including their rail stations. Due to the limited workforce, however, it is extremely difficult to screen suspicious activities by manual efforts alone in an open environment where overwhelming numbers of passengers freely come and go. Therefore, we established a study group to evaluate the feasibility of promising technologies that can augment police efforts in key transportation infrastructure.

Among several intelligent surveillance technologies we considered, JITI started the pilot program in a Tokyo metro station in May to test the feasibility of technology that could capture the faces of suspicious persons on a camera and match the image with a terrorist database. The pilot program was carried out from May 1<sup>st</sup> to May 17<sup>th</sup>, 2pm-3pm, at the Kasumigaseki Tokyo Metro Station.

The result of the pilot program is published on August 30<sup>th</sup>. It is found that the degree of accuracy of face authentication is about 75% -80% and that it changes according to the amount of traffic at the site, what covers faces of passers-by (hats or masks), and the illumination environment at the site (ex. illumination intensity). To improve the degree of accuracy, it is recommended to study how to improve



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illumination environment (illumination intensity, color of floor, and etc.), how to make faces of passers-by turn toward cameras (setting cameras near ticket gates or eye-catching advertisement display and etc.), how to “tune up” the system (improvement of quality of moving pictures of cameras, performance of face authentication software and etc.), and how to increase chances of obtaining information on faces of passers-by (by setting as many measuring points as possible and etc.).

#### ***(4) Study Group on Measures to reduce CO2 Emission from Aircraft***

It is expected that the amount of CO2 emission from aircraft will increase dramatically as the demand for global aviation increases. In order to propose workable solutions to this problem, JITI will launch a study group on the matter in association with Airport Environment Improvement Foundation (AEIF). This study group will consist of experts from Japan, the U.S. and Europe. The main objectives of this study group are to discuss practical measures to reduce CO2 emission from aircraft, and to propose them. The group will study whether an emission trading system should apply to international civil aviation, which is not covered by the Kyoto Protocol, or not, as well as the best framework to address these problems with developing countries whose emissions are expected to increase dramatically with their economic growth.

### **Issuing Report: The Current State of the U.S. Aviation Industry And its Future Outlook -The Rise of Low-Cost Carriers and Countermeasures Taken by Major Network Carriers-**

Since 2003, JITI has conducted some unique research and has completed a report that focuses on the actual condition of major network carriers' and low cost carriers' performances and the reasons behind the significant difference between the two groups, using quantitative analyses based on data from the U.S. Department of Transportation. What we have made clear in these reports is the process as follows. Six major network carriers have adopted the business model in which by the fare system that depends on business travelers who pay relatively high fares, they have maintained hub and spoke system. However, they are now obliged to change such business model facing the low cost carriers providing direct services between two points by lower fares making use of their low cost business structure as the advantage, because customers shy away from the major network carriers and switch to the competitive low cost carriers.

In our fourth year (2006), we asked following key questions and made quantitative analysis to address such questions: Has demand for air passenger transport in the U.S. completely recovered? ; Facing the demand recovery, how they increased their capacities? ; Has the financial health of U.S. airlines recovered? In addition, while we had focused on passenger air transport in the past three editions, in the new edition, we added the air cargo transport as the focus of the report. We conducted analysis with



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an eye to the situation of network of the six network carriers, including alliances of the major network carriers with the regional carriers. We have made new analyses based on comments send to us in the past concerning comparison between the U.S. airlines and Japanese airlines. Finally, we attempted to present an outlook for the future direction of the US aviation industry based on our analysis.

If you would like any further information on the report, please feel free to contact us.

## Notice: Change in Staff

Former Deputy Representative, Mr. Kanazashi returned to Japan and Mr. Kawakami took over in July.

**Kazuhiko Kanazashi**, former Deputy Representative, JITI returned to Japan at the end of June after a 3 year assignment in Washington, DC. He was appointed as Deputy Director of International Tourism Division, Policy Bureau, Ministry of Land, Infrastructure, and Transport (MLIT), on June 28.

**Yoji Kawakami** succeeded Kazuhiko Kanazashi as Deputy Representative. Mr. Kawakami joined the Ministry of Transport in 1995. Since joining the ministry, he has been assigned to various positions related to transportation issues. He was involved in APEC and OECD negotiations. He was Chief of the section, General Affairs Division, Automobile Transport Bureau, MLIT from 2001 through 2002. From 2002 to 2005, he worked for Japan Fair Trade Commission, taking charge of the amendment of Japanese Antitrust Law. Before coming to Washington, DC, he was Senior Researcher, Policy Research Institute, MLIT. He received Bachelor of Law in 1995 from University of Tokyo and Mater in Public Policy in 2001 from the Kennedy School of Government, Harvard University. He lives with his wife in Arlington, Virginia.

Former Senior Maritime Analyst, Mr. Oka returned to Japan and Mr. Makino took over in May.

**Tetsuo Oka**, former Senior Maritime Analyst returned to Japan at the end of March after spending almost 5 years in Washington D.C.. He now works as Chief Project Leader, Project Chamber, Research Group of Nippon Yusen Kaisha(NYK Line) in Tokyo.

**Naoshige Makino** succeeded Tetsuo Oka as Senior Maritime Analyst. Mr.Makino joined NYK Line in 1970 after receiving Bachelor of Law from University of Tokyo. Over the last 36 years with NYK Line, he has played active roles in various fields of transportation including Liner (Container) Shipping, Crude Oil Tanker, Third Party Logistics and Air cargo. He served as President of United Warehouse & Distribution Corp. in Los Angels, Managing Director of NYK Logistics in England



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and General Manager of NYK Line Kobe Branch. Before coming to Washington D.C., he was Executive Vice President of Nippon Cargo Airlines (NCA) which is Japan's one and only Cargo Freighter Airline. He has extensive career in Transportation Industry covering Land, Air as well as Sea and also over 20 year's experience in Europe and the U.S. He lives with his wife in Bethesda, Maryland.

**(For inquiries)**

- Please contact the following for inquiries about JITI's activities.

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**(Application for participation in a seminar, etc.)**

- We will inform you of conference as soon as detailed information is available. We will also place information and updates on our website ([www.japantransport.com](http://www.japantransport.com)).
- In regards to participation in any conference, we would ask you to pre-register. You can register either by sending a fax transmission of a registration form or through the registration page on our website.



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