

# Chapter 2. NCA's first 10 years

## 1. NCA spreads its wings (1985–1987):

### —Riding out turbulence

#### A difficult start

The inaugural flight on the Tokyo–San Francisco–New York route (six flights per week) took off on May 8, 1985. Seven years after NCA's establishment, that delivery indeed followed a difficult time. Shortly after its successful launch, however, NCA encountered turbulence. Demand for cargo services was stagnant.

Through the first half of 1984, air cargo demand to and from Japan grew at a double-digit pace. After that, however, demand was sluggish because of a recession in the USA. High-tech products such as VCRs and computers had led domestic consumption there, but consumption slumped as gloom struck the economy.

The only route NCA was permitted, however, was its single route to the USA. Moreover, having just gotten started, NCA did not have the sales prowess to fill a Boeing 747F with cargo to its 100-ton capacity. Although the inaugural flight carried 50 tons, a somewhat distressing situation followed. On many days, the cargoes loaded at Narita were below 10 tons or even 5. Return flights were even more problematic. On one occasion, the only cargo was a single pallet of baby chickens.



In 1986, NCA President Takeo Hori gave the first New Year's greeting after the airline's founding, asking personnel to have an attitude of "Sincerity, Creativity, and Enthusiasm." When it was suggested that he display the words, Mr. Hori wrote this calligraphy.

### Strategies to differentiate NCA from competitors

To break free of these difficult conditions, NCA developed a company-wide sales strategy to expand demand. With 28 personnel in three sections, the First Sales Section worked on forwarder sales and the Second Sales Section engaged in interline sales and customer development, while the Third Sales Section managed the whole. At the same time, NCA worked carefully to differentiate itself from its competitors. Most competitor flights departed Narita at about 10:30 p.m., while NCA's assigned departure time was 8:50 p.m. NCA skillfully used the nearly two-hour difference as a sales point. It enabled flights to arrive on the USA's west coast in the early afternoon, enabling same-day customs clearance and delivery. In other words, NCA could point out in its sales activities that "We deliver faster than the competition."

In addition, because cargo volume was low, NCA could handle each piece more carefully. Sales staff utilized that good service as a sales point. One result was a large number of commissions to transport small animals such as chicks and lab rats.

### Pursuit of safety and punctuality

At the same time, efforts in the maintenance sector could not be neglected. Ensuring safety and punctuality, the basic mission of an airline, is essential to the development of new customers. If aircraft frequently break down, harming punctuality, customer trust will be lost. Beginning with only two aircraft and no reserves, maintenance was a vital task for NCA. The airline had no facilities such as hangers avail-



The promotional magazine *NCA Today* for customers in Japan and abroad

able for 24-hour use, so it used a part of an office next to a shed to store parts and equipment. Because most of NCA's flights from its home base of Narita took off at night, maintenance was performed in the daytime. Lighting was therefore unnecessary. Aircraft were taken to a corner of the parking apron for "outdoor maintenance." From the start, however, the skill level of the team of topflight veteran aircraft mechanics who transferred from ANA was very high. Although NCA was a new company that had just begun operating, its small scale made for an open atmosphere that helped its crewmembers, mechanics, and operation control personnel to steadily and quickly build trust with each other. Furthermore, within a year after beginning flights, NCA's high rates of planes in service and on-time departures and arrivals had earned a high degree of trust from customers.

### **Seeking to establish a business base**

Partly due to such efforts, NCA's volume of cargo shipped steadily increased. Although cargo volume for May 1985, just after the company started, was less than 700 tons, in June it increased to 1,600 tons, and in July to 1,900 tons, nearly three times as much. Although business was on track, a new layout was necessary to provide a stronger business base. Expanding the trucking network inside the USA was at the top of the list. With New York and San Francisco as bases, NCA built a connecting trucking network for major cities. NCA placed its own cargo trucks in strategic locations such as Boston and Miami.

On October 15, NCA took delivery of its long-awaited third airplane.



A spare engine in storage

As was its second plane, received in February, the new aircraft was leased. NCA therefore filed a new application with the Ministry of Transport for an unscheduled air transport business license, which it received in November. This enabled NCA to operate charter flights for specific cargo owners. At the time, such charters from Japan carried mainly computer equipment, while those from the USA carried cherries and so on.

### **Entry into Southeast Asia and more USA routes**

The beginning of a shift in the production bases of Japanese corporations to other Asian countries was immediately visible in the movement of cargo. Cargo from Asia to Japan rapidly increased, so NCA could not ignore Asian routes. In 1986, NCA's cargo volume from Japan to the USA was 16,900 tons, while that from Asia to the USA was 9,100 tons. In 1987, cargo from Japan to the USA was 17,500 tons, while that from Asia to the USA climbed to 14,600 tons. The growth of the market for departures from Asia can be seen in this increased cargo volume.

NCA's first new route to a country other than the USA was the Tokyo–Hong Kong route opened in 1986. The Hong Kong route was vital to NCA's business strategy because it was a focal point in the rapidly-growing Asian market. On July 31, 1986, NCA applied to the Minister of Transport for a license to operate the route. On August 8, Japan-UK aviation talks agreed to allow NCA to operate two flights per week. On October 30, the Hong Kong route was inaugurated.

In addition, Japan-Singapore aviation negotiations in September

---

1986 agreed to allow NCA to fly into Singapore. Singapore had been moving forward with economic liberalization policies for some time, so agreement on NCA's entry was quickly reached.

Furthermore, preparations to begin operating three additional USA routes as agreed upon in aviation negotiations in July of that year steadily moved forward. In August, NCA established an operations office in Anchorage in preparation for the opening of direct flights to New York. On October 2, three weekly Tokyo–New York flights via Anchorage commenced operations.

### An annual profit in NCA's third year

Despite expanding its sales base by adding three weekly USA flights and two to Hong Kong in October 1986, business conditions remained difficult. NCA posted an ordinary loss of ¥2.75 billion for the year ending in March 1987. Even so, NCA continued active expansion of its routes.

On August 28, 1987, NCA received a license for a Tokyo–Singapore route, its second in Southeast Asia, and on October 5 it began operating one Singapore flight per week.

Meanwhile, in order to meet the increasing demand underlying these route expansions, NCA decided to introduce a fourth airplane into its fleet. In addition, NCA increased its capital in October and November that year, raising it from ¥9.6 billion to ¥14.4 billion.

About this time, cargo from the USA grew active on the sales front. In April 1987, the elimination of customs duties on tobacco led to an

TO USA		TO JAPAN	
NRT-SFO-JFK	NRT SFO JFK	JFK-SFO-NRT	JFK SFO NRT
KZ102	20:55*12:45 14:15*22:20	KZ101	01:00*03:55 06:00*09:50*
NRT-JFK	NRT (ANC) JFK	JFK-NRT	JFK (ANC) NRT
KZ114	20:30*08:55 09:55*20:25	KZ113	00:35*03:55 04:55*06:20*
TO HONG KONG		TO JAPAN	
NRT-HKG	NRT HKG	HKG-NRT	HKG NRT
KZ201	08:10*12:00	KZ202	13:50*18:20

NOTE: ALL TIMES IN HONK HONG ARE JST

A schedule showing US and Hong Kong routes

increase in cigarette imports from the USA. During that year, approximately 2,950 tons of cigarettes were transported within four months, from April to July. At the same time, imports of fresh foods such as tuna and sea urchins also increased markedly. As a result, shipping volume on return flights from the USA reached 27,800 tons that year, an increase of 76 percent. In addition, the strong yen reduced fuel and personnel costs, with a favorable impact on income and expenditure. NCA thus posted ordinary profit of ¥392 million for the year ending in March 1988. It was the first profit in NCA's three years of operation. The sun had finally begun to shine on NCA.

## 2. Expanding networks (1988–1990):

### —Towards growth

#### Opening an Amsterdam route

On January 27, 1988, NCA received its fourth Boeing 747F. On February 16, NCA signed a commercial agreement with KLM Royal Dutch Airlines based on agreement reached in Japan-Netherlands aviation negotiations the previous July.

In October 1986, NCA formed an internal research committee for entry into European routes. Three cities, London, Frankfurt, and Amsterdam, were candidates to become NCA's first European destination. A Continental destination was deemed a priority, so London was dropped. Although Amsterdam offered expectations of export demand for electrical appliances and electronic devices and import demand for tulips and other cut flowers and fresh foods, it was always second best. The number one candidate offered expectation of abundant cargo volume from one of the world's leading industrial production regions in Europe's largest economy. It was Frankfurt, in what was then West Germany. In the March 1987 Japan-Germany aviation negotiations, however, the West German side disapproved, saying that Frankfurt Airport had no room for new cargo flights. The capital Cologne (Bonn) was suggested as an alternative. Cologne was a government city, and lacked appeal as a destination for cargo flights. NCA's second choice, Amsterdam, thus came to the fore. With the positive



Inauguration of the Tokyo–Amsterdam route on June 7, 1988

attitude of KLM Royal Dutch Airlines towards joint operations also a factor, NCA chose Amsterdam as its gateway to Europe.

On April 15, 1988, NCA obtained a license for a Tokyo–Amsterdam route. On June 7, NCA's first European route, Tokyo–Amsterdam, opened with weekly flights operated jointly with KLM Royal Dutch Airlines. On November 4, less than six months later, NCA increased the number of flights to two per week.

### **The Bangkok route opens, establishing three bases in Asia**

Turning to Southeast Asia, agreement allowing NCA to fly to Bangkok was reached in Japan-Thailand aviation negotiations on July 6, 1988. Following Hong Kong and Singapore, Bangkok became NCA's third base in Asia. NCA obtained a license for a Tokyo–Singapore–Bangkok route on September 22, 1989, and began operating one weekly flight on November 2. In December 1990, it increased the flights to two per week.

### **Entry into four major US cities**

During Japan–US aviation negotiations in Tokyo in November 1989, the path to NCA's hoped-for new USA routes opened. Agreement was reached on four weekly flights on a Tokyo–Chicago route and three weekly flights on a Tokyo–Los Angeles route. On August 8, 1990, NCA received a license for the Tokyo–Chicago route, and on October 11 for the Tokyo–Los Angeles route. With these additions to New York and San Francisco, NCA now had access to all four of the USA's major air cargo markets.

---



Before that, in September 1989, NCA received permission to operate flights to Seoul based on agreements with South Korea. On May 18, 1990, the airline obtained a license for the Tokyo–Seoul route. On June 13, it began operating one flight per week.

### **Constructing an information system**

NCA began constructing an information system along with its route expansion in 1989. ACI (Automated Customs Interface) is a Unisys Module connected to the IRIS international air cargo information system that integrates reservations and shipping with the USA's ACS automatic customs clearance system. ACI is a system that integrates customs, customs brokers, forwarders, and carriers. Not only does its use enable paperless customs, it also offers the advantage of decreasing the time required for customs clearance by carrying out the process before arrival. Paperless operation with the CATS computer customs system developed by the New York Branch for use in the USA was approved in April 1992. Following pilot testing in other areas, paperless customs clearance began.

### **Employment of foreign crewmembers**

Operations with foreign crewmembers began in 1989. Until then, all flights operated by NCA had been flown by crewmembers transferred from ANA. With ANA opening its own international flights and aggressively expanding its routes, it developed a crew shortage, and some NCA crewmembers were transferred back to ANA. In addition,

---

NCA recognized that it would need foreign crewmembers in order to continue expanding routes and to develop its business plans. In 1988, NCA signed a contract with the USA's Trans World Airlines (TWA) for the seconding of some TWA crewmembers. With support from ANA, NCA immediately began employing and training crewmembers. Operations with personnel seconded from TWA began in May 1989.

### **Promotion of organizational reform**

Because of the fast pace of its business expansion through new routes and more flights, on May 25, 1990, NCA opened its North America Office. The office consolidated NCA's work in North America, including representing the company, marketing, accounting, freight service, and revenue accounting, as well as concentrating work related to aviation negotiations.

In June, the company reorganized its structure in order to strengthen its headquarters, marketing and accounting sectors. In addition, NCA, ANA, and New Tokyo Airport Service Co. jointly put up the capital to form Air Cargo Terminal Service (ACTS) in order to rationalize and efficiently carry out work in the transport sector. ACTS began operation in April 1991. NCA entrusted it with all office work related to import documentation, computer input, import customer service, and so on.

---

### **3. Aiming to be a major player in the 21st century (1991–1994):**

—The beginning of a new challenge

#### **NCA's route network continues its expansion**

NCA continued expanding its routes at a rapid pace. On March 7, 1991, NCA added four weekly flights to its Tokyo–Chicago–New York route. This was followed on April 2 with the inauguration of thrice-weekly flights on the Tokyo–San Francisco–Los Angeles route. This meant that NCA had routes to four major North American cities in reality as well as on paper.

As for European routes, on April 3, 1991, NCA increased flights on the Tokyo–Amsterdam route from two to three per week. In October, it opened a jointly-operated Nagoya–Amsterdam route with KLM Royal Dutch Airlines. On July 14, NCA established its Paris Sales Office. It strengthened the company's business systems through steps such as opening the Charles de Gaulle Express Service linking Amsterdam and Paris that November.

In Asia, meanwhile, NCA increased flights on the Tokyo–Singapore–Bangkok route from two to three per week on April 5, 1991. On December 3, it increased flights on the Tokyo–Seoul route from one per week to two.

In February 1991, NCA consolidated its headquarters functions, which had been divided between two locations, by moving its Head



An NCA truck in Europe

Office to the Shin-Nikko Building in Toranomon, Minato-ku, Tokyo, as part of the expansion of its organization accompanying its growing business scale. Meanwhile, as NCA strengthened its business systems overseas, the number of locally-hired personnel in foreign countries increased to 155 in 1991. In light of this, NCA published the first English edition of its company newsletter, “NCA News,” in August 1993 so that foreign personnel in overseas branches could be kept up to date on company information.

### Establishing a Milan route

The Japan-Italy aviation talks that began in June 1992 opened the way for NCA to begin flying to Milan. The company obtained a license for a Tokyo–Milan route on November 20, and on December 7 it signed a commercial agreement with Alitalia Airlines. NCA thus secured its second European destination, after Amsterdam. On January 22, 1993, NCA inaugurated weekly flights on the Tokyo–Milan route, further strengthening its business base in Europe.

In addition, NCA flew a pair of charter flights in 1992. They were a domestic flight carrying cut flowers between Japanese cities and a Tokyo–Moscow flight carrying emergency medical supplies for the Soviet Union.

Meanwhile, in addition to continuing to carry ordinary international mail, NCA received a commission to begin carrying US military mail in 1990. The volume of mail NCA carried, originating in Japan or abroad, increased every year. In 1992, it surpassed 2,000 tons for the first time,



Inauguration of the Tokyo–Milan route on January 22, 1993



A charter flight bound to Moscow with medical supplies

reaching 2,540 tons. Subsequently, the increase in direct-mail advertising and so on rapidly increased that total, to 2,980 tons in 1993 and 3,150 tons in 1994.

### **New storage facilities**

In 1991, the Transport Division undertook some major initiatives. First, to prepare for the April opening of the Los Angeles route, on January 28 it moved out of the office and storage facility it had been renting from American Airlines at Los Angeles International Airport. It moved into the Hanger One Building, where it had 650m<sup>2</sup> of office space and 930m<sup>2</sup> of storage space, and the adjacent North Building, where it had 1,900m<sup>2</sup> of storage space.

Subsequently, on February 4, NCA completed its own storage facility at Chicago's O'Hare Airport. Rented from Hamilton Partners on a 20-year lease, the building had 9,300m<sup>2</sup> of storage space and 2,100m<sup>2</sup> of office space.

On September 19, 1994, NCA completed a ¥4.2-billion storage facility in the North Cargo Area at New York's JFK Airport. It boasted a 60,500m<sup>2</sup> site area, 11,700m<sup>2</sup> of storage space, and 3,790m<sup>2</sup> of office space. Bringing together NCA's accumulated expertise, the state-of-the-art handling facility was capable of dealing with 100,000 tons of cargo annually.



(Above) The New York Branch warehouse

(Below) Celebrating the opening of the warehouse

## Development of a new cargo data system and a new accounting system

The development program for the new COBRA cargo data system began in 1991. Adoption of COBRA was expected to enable labor saving through standardization and automation and to improve work quality. It was further expected to enhance marketing through improved customer information services and diversification of the aggregation of results, as well as to strengthen space management to ensure greater profitability. Following about two years of research and study, a development program was proposed. Development began with operation of Phase I scheduled for 1993 and operation of Phase II for 1995. Phase I went into operation as scheduled in December 1993.

Meanwhile, the new SCARGO accounting data system under development since 1989 went into operation in December 1991. This helped to save labor, improve efficiency, and shorten processes in accounting schedules.

## Efforts to improve transport quality

As part of efforts to upgrade transport services, NCA implemented its company-wide Transport Campaign in 1991. During the month-long campaign, daily work in every location was thoroughly examined based on inspection sheets. NCA's freight services section evaluated the results, providing an opportunity to reflect and improve. At the same time, improved communications with contractors promoted changes in employee mentality. It continues to this day as an opportunity to affix

Ribbon-cutting ceremony for SCARGO  
(December 1991. *From left*, NCA Director Yoshikawa, NCA Managing Director Itano, NCA Managing Director Egami, Mitsui Bank Software Services Senior Managing Director Moriyama)



the image of NCA's high-quality service both inside and outside the company.

### **More efficient loading management**

In 1988, NCA adopted the NEWS-I load planning system to perform load management work that the flight operation department had been carrying out by hand since NCA's first flight. This system was subsequently upgraded to NEWS-II in 1991. This load management work is closely connected with the entire series of tasks from order receipt to loading, and systems development enabled its standardization. In order to improve work efficiency and upgrade transport quality, NCA transferred the work from the flight operation department to the freight services department in 1992.

### **The greatest crisis since the company began**

With April 1991 as the turning point, the Japanese economy entered the major transitional period known as the "bursting of the economic bubble." Air cargo demand had shown no sign of decline through the first half of 1991, but during the second half, both imports and exports changed rapidly, with exports of high unit-price items in particular falling dramatically. Income and expenditure shifted from an ordinary profit of ¥1.1 billion in the first half to a loss of ¥1 billion in the second. Entering the second half of 1992, even though the US economy was beginning to show signs of recovery, economies in Europe remained stagnant, while the Japanese economy fell into recession with

---

unstable domestic demand precisely when the world economy was slowing as well.

These domestic and foreign economic trends had an immediate impact on international air cargo. The sharp cut in demand intensified competition and caused prices to drop, while the strong Yen decreased the value of earnings in foreign currency. In FY 1992, business revenue fell to 92 percent of the previous year's at ¥42.885 billion. Combined with an increase in fixed costs due to the introduction of NCA's sixth aircraft in November 1991, this led to a major ordinary loss of ¥7.913 billion.

### **Toyoichiro Nakada becomes President of NCA**

At the Board of Directors meeting following the 14th Regular General Shareholders Meeting on June 30, 1992, NCA President Takeo Hori, who had led and built up the fundamentals of the company for more than 13 years since its founding in September 1978, became Chairman and Director, while Chairman Susumu Ono became Advisor and Director. Toyoichiro Nakada was appointed as NCA's new President.

During his inaugural address as company President, Mr. Nakada expressed his thanks to those who had supported NCA's development in the seven years since the first flight in 1985. He also urged each member of the company to apply his or her vitality, knowledge, and ingenuity to even greater efforts.



Chairman  
Susumu Ono



President  
Toyoichiro Nakada



## Facing a new era

In 1992, NCA faced the most difficult business environment since its founding. It used those tough times, however, as an opportunity to address strengthening its business structure. As part of reforms intended to lower costs, that April NCA launched a “revenue and expenditure improvement project.” The project was designed to bring to light issues related to income and expenditure improvements in current practices in organizational operations, sales, production, all types of work, and operating systems. The project uncovered a wide array of concrete issues covering sales methods, marketing functions, management systems, expenses, organizational and personnel structures, organizational vitalization, greater collaboration, review of rules, and so on. In 1993, NCA moved its headquarters to the Shiroyama JT Mori Building. At the same time, it unified the New York Branch to slim down the organization. Furthermore, NCA worked to cut personnel costs by introducing foreign crewmembers from new overseas sources and to improve maintenance efficiency by sending mechanics on NCA planes to relevant locations. In addition, NCA decreased equipment costs with the renewal of the lease on its second aircraft, improved route income and expenditure by dropping the Nagoya–Amsterdam route, and made efficient use of equipment expenses by performing care and maintenance on its seventh aircraft, which it received in December, without operating it.

In October 1993, NCA increased its capital from ¥14.4 billion to ¥21.6 billion.



The Head Office moved to the Shiroyama JT Mori Building

In 1994, NCA sharply cut personnel through the voluntary resignations of locally-hired North American employees, the reduction of Japanese employees stationed overseas, and the fusion of the North America Operations Department organization with branch offices. In Europe, NCA closed the Paris Branch in June, while in Japan, it carried out personnel reductions, collaborated on business with ANA, and outsourced domestic transport work.

### **Beginning flights to and from Kansai International Airport**

In order to respond to continued rapid economic growth in Asian markets, NCA worked to tighten its Asian transportation networks. On April 8, 1994, it increased flights on the Tokyo–Singapore–Bangkok route to five per week and on the Singapore route to six per week. In addition, on August 5 it obtained licenses for Tokyo–Osaka, Osaka–Singapore, Osaka–Bangkok, and Osaka–Hong Kong routes. On September 6, NCA launched three weekly flights on a Tokyo–Singapore–Bangkok–Osaka–Tokyo route and one weekly flight on a Tokyo–Osaka–Singapore–Bangkok–Osaka–Tokyo route. By beginning Kansai International Airport flights, NCA aimed to expand its route network, upgrade its transport capacity, and strengthen sales in Kansai. On October 31, NCA inaugurated two weekly flights on a Tokyo–Kuala Lumpur route, its fifth Asian route.

### **Jiro Nemoto becomes Chairman**

At the Board of Directors meeting following the 17th Regular General



A flyer at the time of Kansai International Airport's opening in September, 1994

Meeting of Shareholders on June 30, 1995, Chairman Takeo Hori moved to the position of Advisor and Director and Susumu Ono retired. Jiro Nemoto was appointed Chairman and Director. Mr. Nemoto was a key member of the team that created the prospectus and formal petition to establish NCA that were submitted to the Ministry of Transport.



Chairman Jiro Nemoto

## Column

### Behind the scenes of NCA's creation

Takeo Hori

Some leaders in the marine transport industry already had their eyes on high-speed transport at an early stage. In December 1959, three companies, Nippon Yusen Kaisha, Osaka Shosen Kaisha, and Mitsui Steamship decided to establish an air cargo company and reached a basic agreement with Japan Airlines. Afterwards, however, JAL took a passive attitude, and establishment of an air cargo company did not move forward at all.

As airplanes began using jet engines and becoming larger, Flying Tiger (FT) began flying to Japan in September 1969. I thought that Japan should not just sit idly by while FT was permitted this one-sided entry into the Japanese market, so I hoped that someone would start an air cargo company.

I thought the only way to do that was to start a second group in competition with the first group that included Nippon Yusen Kaisha and so on. The way I read the situation, the Ministry of Transport would probably not allow there to be two air cargo companies and would ultimately require us to unify our efforts. The second group drew in ANA and Kawasaki Kisen Kaisha, and in February 1973 it formed a committee to prepare for the establishment of a company. Seeing that, in August 1973 the two companies that had started first, Nippon Yusen Kaisha and Mitsui O.S.K. Lines, hurriedly submitted a formal request to form an air cargo company to the Minister of Transport.

There were thus two groups submitting requests to the Minister of Transport at the same time, and since the government agencies involved were not going to give licenses to two companies, negotiations on unification began. Everyone was watching to see the results of the talks between Nippon Yusen's President Kikuchi and ANA's President Wakasa. Finally, a conclusion was reached after Mr. Kikuchi spoke with JAL's President Asada. Apparently, the Kikuchi-Asada talks were quite intense, ending in failure. Mr. Kikuchi said that if JAL was not

interested in moving forward with an air cargo company, he would break off the talks. He also resigned his position as an outside member of JAL's Board of Directors.

The Kikuchi-Wakasa talks unified the two groups, and on September 21, 1978, a meeting was held to organize Nippon Cargo Airlines Co., Ltd. NCA applied to the Minister of Transport for a business license on November 16, 1978. Subsequently, the Minister of Transport was replaced four times, and the license made no progress at all. The long-standing system of only allowing one airline to fly international routes was very burdensome for us. During this period, NCA worked to arouse public opinion by seeking opportunities to explain itself to the media, government, and cargo owner groups. At the same time, Mr. Kikuchi and Mr. Wakasa both used their extensive personal networks to vigorously seek support for NCA.

At the end of 1983, the Aviation Policy Round Table Conference discussed the question of "the present and future of international air cargo," and finally matters reached the stage of formalities in the Transport Council. Because JAL strongly opposed any new entries, however, the relevant government agencies required advance discussions between JAL and NCA. I therefore met with JAL's President Asada. The talks went nowhere. The second round of talks also ended in failure, with JAL's President Takagi finally saying that he would do everything he legally could to stop NCA.

A public hearing was then held. Public hearings allow not only stakeholders but also the public to express agreement or disagreement. JAL selected Nippon Keidanren (Japan Business Federation) Chairman Inayama as one of its public speakers, while NCA asked Shigeo Nagano, head of the Japan Chamber of Commerce and Industry, to speak on its behalf. The mass media were excited about the "division in the financial world," but at the actual hearing, both men merely had a spokesperson read a statement. I had the opportunity to speak last at the public hearing, and I read an entire statement that I had written myself. Because the thrust of JAL's argument was excessive competition, I concentrated on rebutting that point.

Following these processes, on August 13, 1983, Minister of Transport Hasegawa finally issued NCA a domestic license. We believed that naturally the Japanese government would inform the USA that it would make NCA a designated carrier in aviation treaties and that the US CAB would issue us a license. Things were not that simple, however.

In February 1985, the marathon Japan-US aviation negotiations made significant progress. First, they allowed NCA to begin flying to the USA on April 1, and second they added three new passenger routes, with a new participating airline on each route. At that point, JAL's monopoly was broken, and ANA's participation on international routes became possible.

In mid-March, however, Federal Express (FedEx) suddenly demanded entry into Japan, and NCA's entry into the USA was put on hold. NCA's April 1 start of operations ran aground. In that state, we were losing ¥1 billion per month, which would eat up our entire capital at the time of ¥3.2 billion in only three months. That was the most difficult period since NCA's founding.

I visited US Ambassador Mansfield repeatedly to tell him of our distress. Meanwhile, Mr. Wakasa sought the cooperation of one of America's most powerful lobbyists. I also went several times to the Foreign Minister at the time, Shintaro Abe, to ask him for help. During that time, I was moved to learn that when Foreign Minister Abe visited the United States to ease economic friction, he spent more than half of his breakfast meeting with US Secretary of State Schultz seeking a resolution to the NCA issue.

---

On May 8, 1985, NCA President Hori (left) and Minister of Transport Yamashita see off NCA's first flight.



Finally, the difficult Japan-US aviation negotiations reached agreement late on the night of April 30. It was about a month late, but NCA's first flight departed from Narita on May 8, 1985. We were deeply moved as we watched it take off.