

Privatization

The Road to Privatization

The reform of special public corporations including authorities and government corporations was raised as part of the administrative reforms to simplify government organizations and give them greater efficiency and transparency. In December 2001, the Special Public Corporation Reorganization and Rationalization Plan was drawn up and served as the basis for a stream of legislative amendments.

NAA was also involved, when a Cabinet decision was made to find a workable solution to the management of

Japan's three international hub airports (Narita, Kansai, Chubu) and have the government reach a decision in 2002 in readiness for privatization. The matter was deliberated by the Council of Transport Policy from April to December 2002.

The Council released its findings in December which stated that it would be appropriate for NAA to: become a special government corporation in the form of a 2-tier organization and aim listing on the stock market as quickly as possible; aim to complete the original 2,500m runway as early as possible and

improve access to the airport and consult the local communities fully in plans to increase airport capacity and expand runway and other facilities, and;

ensure that environment and community programs are maintained.

On the basis of these findings, a decision was made to incorporate NAA into a government funded special corporation in fiscal 2004 in a move towards full privatization and to submit a draft bill for this purpose at the 156th session of the Diet.



Establishment of the Narita International Airport Company Law

The Ministry of Land, Infrastructure and Transport drafted the special government corporation bill for the privatization of NAA and the Cabinet reached a decision on the Narita International Airport Company Law on March 2003. The bill was deliberated at the 156th Diet session and passed through the House of Representatives and the House of Councillors. Subsequently, the Narita International Airport Company Law was established on July 11 and gazetted on July 18, 2003. The Airport Authority will dissolve as of April 1, 2004 and a new special government corporation will take its place under the name, Narita International Airport Corporation(draft).

The name, New Tokyo International Airport, was the subject of much discussion and local business groups, municipalities and Chiba Prefectural Government called for the new name to include the place name, Narita, where the airport is situated.

In light of this, NAA asked the Minister of Land, Infrastructure and Transport for a change of name to Narita International Airport which is

already commonly recognized in Japan and abroad. As a result, a bill was drafted with the new airport name, Narita International Airport and the new company name. This move is seen as instrumental in bringing the airport closer to the local community.

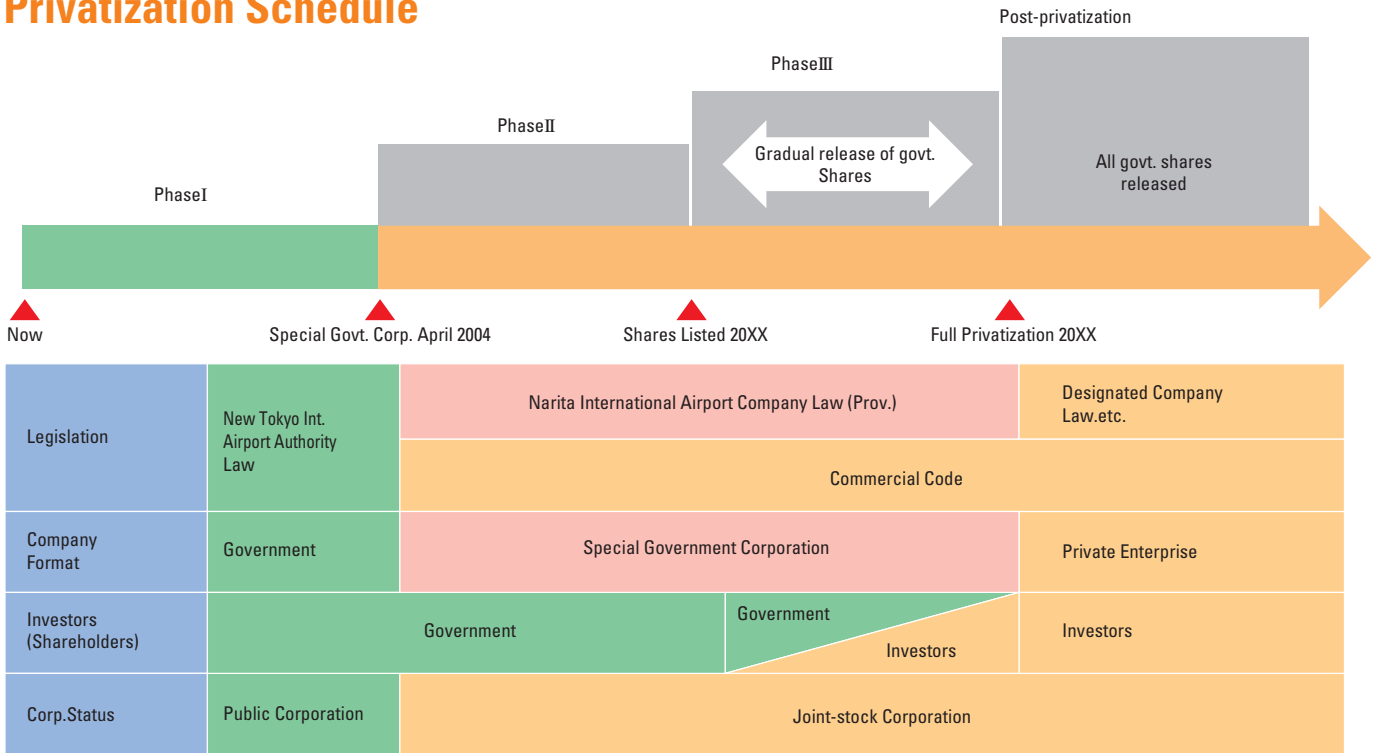
After its transition to a special government corporation, NAA will have greater freedom in business activities, allowing it to directly operate duty free stores and other concessions. It will no longer require permission from the Minister of Land, Infrastructure and Transport to construct and manage shops and offices, and heavy restrictions on investment in subsidiaries will be significantly relaxed. At the moment, NAA's revenue is comprised 70% of aeronautical and 30% of non-aeronautical revenue. After the transition, it hopes to increase non-aeronautical revenue, improve profitability and become more responsive to society's needs.

Furthermore, as a private sector company, it will need to draw up a management plan and clarify the new company's objectives both within and outside the organization to be able to

approach the privatization process in one accord. In July 2003, therefore, NAA formulated and released the management concept and vision of the special government corporation. Currently, NAA is making exhaustive preparations for the establishment of the new company on April 1, 2004. While it intends to take further measures to boost revenue and cut costs, to be listed on the stock market at the earliest opportunity and for speedy full privatization, it promises that the environment and community programs and the safety of the airport will be maintained. Even after privatization, the airport will make further efforts to ensure continued popularity with its users.



Privatization Schedule



Management Concept (Draft)

NAA remains committed to ensuring that Narita International Airport maintains its status as one of the world's greatest airports, contributing to the ongoing growth of the global air transport network.

Management Vision (Draft)

1. A trusted airport where safety is paramount.
2. Customer satisfaction beyond expectations.
3. Environment friendly airport contributing to community growth.
4. Sound management through efficiency and transparency.
5. Alert, flexible, responsive to society's needs.

