

Lecture in the course of railway management ,  
seminar of JICA

9:30-11:30 am  
January 28<sup>th</sup> of 2009  
at JICA Tokyo International Center

# Privatization of Japanese National Railways and its Impact

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# Contents

- I. Introduction
- II. International characteristics of Privatization of Japan National Railways(JNR)
- III. Intentions of JNR privatization and Evaluation of its Impact: light and shadow
- IV. Conclusion

# I . Introduction

## ① Self -introduction

- a. In youngest days, railway history , especially on the railway nationalization in 1906
- b. Since 1980 engaged in railway privatization problems in Japan
- c. Since 1990 comparative study of railway privatization between Japan and Germany

## ② Objectives of the lecture

- a. To explain the international characteristics of JNR privatization
- b. To evaluate the impact of the priv. on several aspects

## II . International characteristics of Privatization of Japan National Railways(JNR)

- ① Definition and forms of privatization
  - a. Definition of privatization and perfect/imperfect
  - b. Forms of privatization
  - c. Types of railway Privatization
- ② Process of JNR privatization
- ③ International characteristics

# a. Definition of privatization and perfect and imperfect

## 1. Definition of privatization

- i. Shifting of a function, either, whole or in part , from the public sector to the private sector<sup>1)</sup>
- ii. One of retreats of state, another ones: deregulation and liberalization

## 2. perfect and imperfect privatization

- 1. Whole shifting of a function
- 2. Whole retreat of state

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1)Stuart Butler, Privatization for Public Purposes, in; William T. Gormley, Jr.(ed.), *Privatization and Its Alternatives*, The University of Wisconsin Press, Madison 1990.p.17.

## b. Forms of privatization

### 1. Formal privatization: corporatization

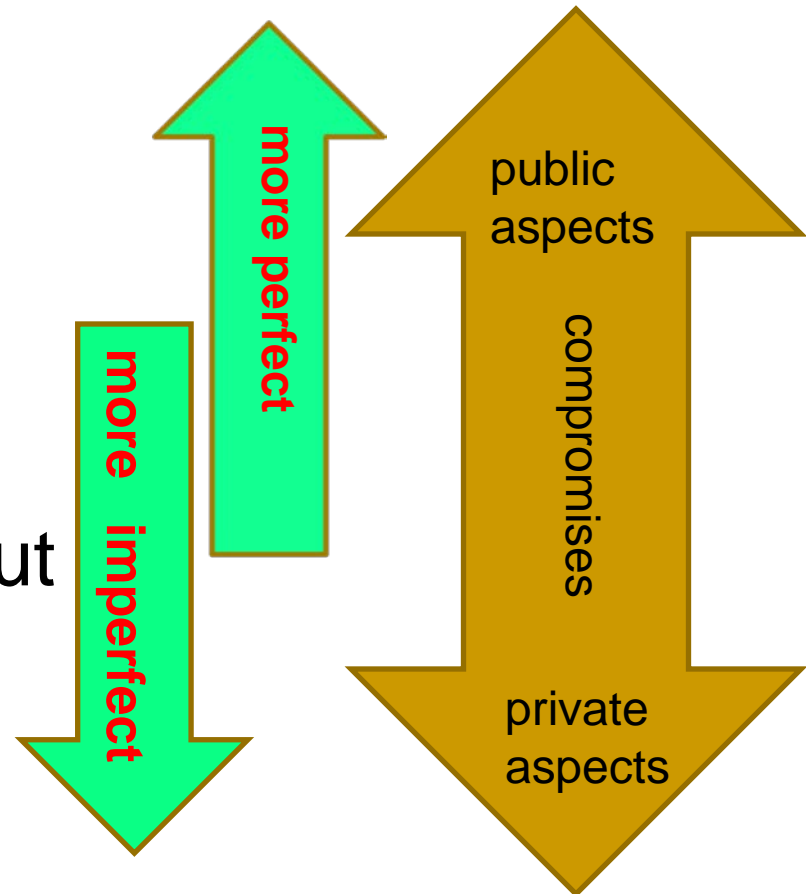
- i. Shifting of legal forms from public enterprises into business corporations

### 2. Material privatization

- i. Privatization with the shifting of ownership right
  - Total privatization: pure private enterprise
  - Partial privatization : mixed enterprises
- ii. Privatization without the shifting of ownership right
  - Concession
  - Contracting out

# Reclassifying of the forms: perfect and imperfect

- Total privatization
- Partial privatization
- Concession/contracting out
- Formal privatization



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## c. Scope of railway privatization

### 1. Attribute of railway operation

- i. Infrastructure and lower profitability
- ii. Common carrier and public service obligation

### 2. Separation in railway

- i. Vertical separation: infrastructure and transport
- ii. Horizontal separation: regional
- iii. Functional separation: passenger and freight

### 3. Three stages of vertical separation

### 4. Combination of form and separation for railway privatization

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### 3. Three stages of vertical separation explained by Thompson

- i. Non Separation: fully integrated
- ii. Tenant user
- iii. Full Separation
  - Accounting
  - Holding
  - Institutional

# Table 1. Ownership, Legal Status and Structure of railway in selected countries

	ownership	public			mixed	private
	legal status	departmental	public corporation	business corporation(esp joint stock corporation)		
integrated		JNR(to 1949)  Cina	JNR(from 1949)	3 JR in 3 islands	Some Argentine Freight Concessions	3JRs in the main land
dominant/tenant				JR Freight Amtrack	VIA(Canada)	US/Canada/ Mexico Freight
separate	accounting	EU				
	holding			DB(1994, German)		
	institutional	BV(Sweden)	Network Rail(UK 2004)	SJ(Sweden)		Railtrack and passenger/freight(UK)

Source: Lou Thompson , Rail Infrastructure Access Charge Issues  
World Bank Transport Forum Washington, DC March 10, 2005(largely revised)

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## ② Process of JNR privatization

- a. A brief History of JNR
- b. Propose of JNR privatization by an Ad-Hoc Committee and its starting by the Government
- c. Passing of the JNR Reconstruction Law et al and Realization of JNR Privatization, April 1th, 1987

## a. A brief History of JNR

1. First railway in Japan: October 14, 1872 operated by the railway administration
2. Expansion of railway network by the state and private joint stock companies to 1905
3. Nationalization of railways in 1906
  - i. State railway ;90% of railway lines
  - ii. Private railways: regional, urban lines( thereafter developed to a big business group, 14 big private railways such as Tokyu, Odakyu, and Keio etc.)
4. Birth of JNR as Public Corporation , 1949

## Table 2. Development of the railway system in Japan

	Government railway/JNR	Private railways
FY	Route Km	RouteKm
1872	29	
1890	886	1,365
1900	1,528	4,675
1910	7,836	824
1930	14,574	7,018
1950	19,786	5,943
1970	20,890	6,213
1985	20,789	5,830

Source: Masaho Noda et al(eds.), *Japanese Railways: Birth and Development*, Nihon Keizai Hyouronsha, 1986, p.396(in Japanese).

## b. Propose of JNR privatization by an Ad-Hoc Committee and its starting by the government

### ■ Ad-hoc Board of Review of Administrative System

- Slogan: reconstruction of public finance without tax increase
- July 30<sup>th</sup> ,1982, proposal of the main report: privatization and dividing of 3 big public corporations(JNR, NTT,JTS)
  - JNR: a big loss since the late of 1970s
  - NTT and JTS: demand from USA

### ■ Starting by the government

- July 26<sup>th</sup> , 1985 a report for JNR privatization by JNR Reconstruction Committee , For opening of the railway in the future
- Propose to privatize and divide JNR in 6 regional passenger and 1 freight companies

## c. Passing of the JNR Reconstruction Law and Outline of JNR Privatization

1. November 26<sup>th</sup> , 1986, passing of the JNR Reconstruction Law and etc.
  - i. System of the JNR privatization related laws
  - ii. Pro and contra
    - Pro: ruling parties , business organizations, reformer in JNR and minor trade union of JNR
    - Contra: left-wing parties(JSP, JCP), senior in JNR, major trade union of JNR
2. Outline of JNR privatization
  - i. Establishment of 6 regional passenger companies and one freight company
  - ii. Establishment of JNR Settlement Corporation in order to deal with inherited Liabilities and “excessive” personnel

# Table 3. 8 Laws about JNR Privatization

<div data-bbox="48 221 473 292"><b>JNR Restructuring Law</b></div> <div data-bbox="193 307 917 571"> <ol style="list-style-type: none"> <li>1) Basic policies concerning JNR restructuring</li> <li>2) Disposition of debts of the Japan Railway Construction Public Corporation, etc.</li> <li>3) Takeover of JNR business</li> <li>4) Succession of the Japanese National Railways Law, etc.</li> </ol> </div> <div data-bbox="309 592 937 692"><b>Laws Concerning Passenger Railway Companies and the Japan Freight Railway Company</b></div> <div data-bbox="309 706 937 778"><b>Shinkansen Holding Corporation Law</b></div> <div data-bbox="309 792 937 835"><b>JNR Settlement Corporation Law</b></div> <div data-bbox="309 849 937 1006"><b>Law Concerning the Reemployment of the JNR Personnel Who Want to Leave and the Surplus Personnel Who Belong to the JNR Settlement Corporation</b></div>	<div data-bbox="975 264 1864 335"><b>Enforcement Law for the JNR Restructuring Law and Related Laws</b></div> <div data-bbox="1014 357 1845 528"> <ol style="list-style-type: none"> <li>(1) Succession and partial amendment of related laws consequent to the enforcement of the JNR Restructuring Law (Matter related to local taxes are to be dealt with by other laws)</li> </ol> </div> <div data-bbox="1120 549 1864 671"><b>Amendment of the Local Tax Law and the Law Concerning Grants to and Payments by Municipalities Whereby National Assets Exist</b></div> <div data-bbox="1014 692 1845 1235"> <ol style="list-style-type: none"> <li>(2) Measures concerning enforcement of the JNR Restructuring Law               <ol style="list-style-type: none"> <li>1) Provisional measures concerning the succession of JNR rights and duties (including the tax system)</li> <li>2) Provisional measure concerning the repeal of the Japan National Railways Law and other laws</li> <li>3) Provisional measure concerning the opening of business by the new companies (licenses, etc.)                   <ul style="list-style-type: none"> <li>Railway Business Operation</li> <li>Ferry Service Operation</li> <li>Bus Service Operation</li> <li>Other Subjects</li> </ul> </li> </ol> </li> </ol> </div>
<div data-bbox="48 1028 454 1099"><b>Railway Business Law</b></div>	



# Figure.1 “Privatization” of JNR

(1.4.1987)

**JNR**

**JNR Settlement Corporation**

3.176 km

**JR Hokkaido Inc.**

**Stabilization Fund**

7.657 km

**JR East Inc.**

2.003 km

**JR Central Inc.**

5.323 km

**JR West Inc.**

880 km

**JR Shikoku Inc.**

**Liabilities**

2.406 km

**JR Kyushu Inc.**

**Assets**

**JR Freight Inc.**

**Subsidies**

**Shinkansen Holding Corporation**

**Lease**

**Railway Communication Inc.**

**1990 dissolved**

**Railway Information Inc.**

**Railway Laboratory  
Institution**

# ③International Characteristics of JNR privatization

## a. Period

1. One of the earliest railway privatization in the 1980s
2. Its reason: better conditions
  - i. higher traffic density of passenger transport as a whole (exclusive of rural lines and freight transport)
  - ii. presence of active and profitable private railway companies

## b. Form and separation

1. Form
  - i. corporatization
  - ii. total ownership-privatization: only 3 JRs in the main land
2. Separation
  - i. Integrated: only JR Freight tenant
  - ii. regional and functional separation

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### III. Intentions of JNR privatization and Evaluation of its Impact: light and shadow

- ① Intentions of JNR privatization
- ② Impact on efficiency and corporate performance
- ③ Impact on the share of JR traffic in transport market
- ④ Impact on burden of public finance
- ⑤ Impact on the public welfare: rural public railway services and safety of railway transport

# ① Intentions of JNR privatization

## a. Declared intentions

1. To make the railway systems more efficient, thereby
2. To recover the rail way system under a more competitive transport market
3. To reduce the burden on public finance
4. To increase public welfare

## b. Hidden intention

- To oppress left-wing trade union in JNR (omitted here)

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## ② Impact on efficiency and corporate performance

- a. Trend of efficiency of the railway system
- b. Trend of corporate performance of JR companies

## a. Trend of efficiency of the railway system

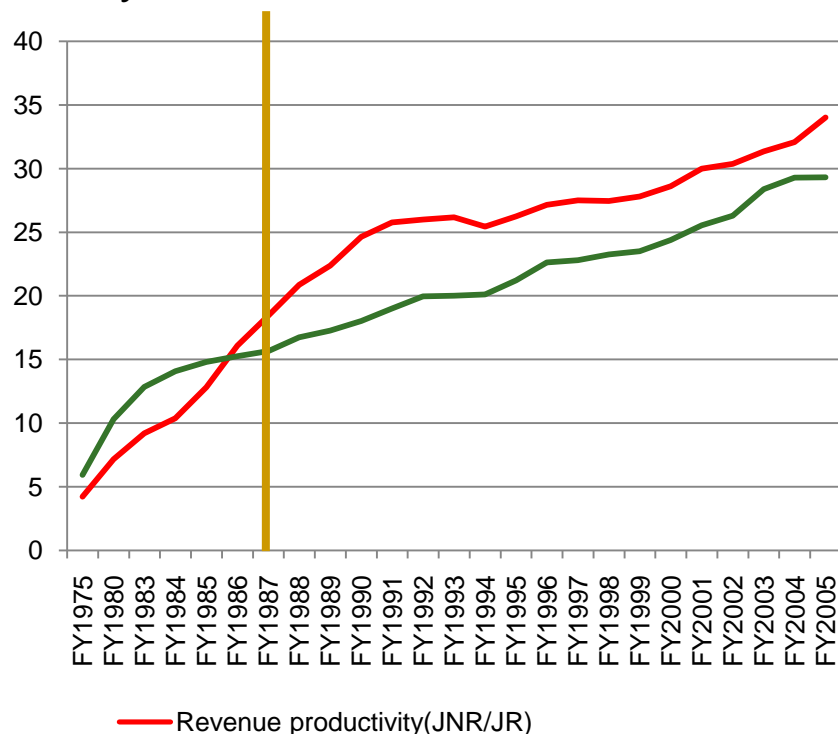
1. Meaning the efficiency : equal to productivity
2. Two kinds of productivity in railway operations
  - i. Labor productivity: traffic performances per personnel
  - ii. Revenue productivity: operating revenues per personnel
3. Increase of both productivities after 1987 and their factors
  - i. Trend of the increases
  - ii. Main factor: reduction of personnel
4. A differential trend among JR companies
  1. High tempo: 3 JRs in the main land=JR East, JR Central and JR West
  2. Low tempo: 3 JRs in the 3 islands=JR Hokkaido, JR Shikoku and JR Kyushu

# Figure 2. Trend of productivity in the railway

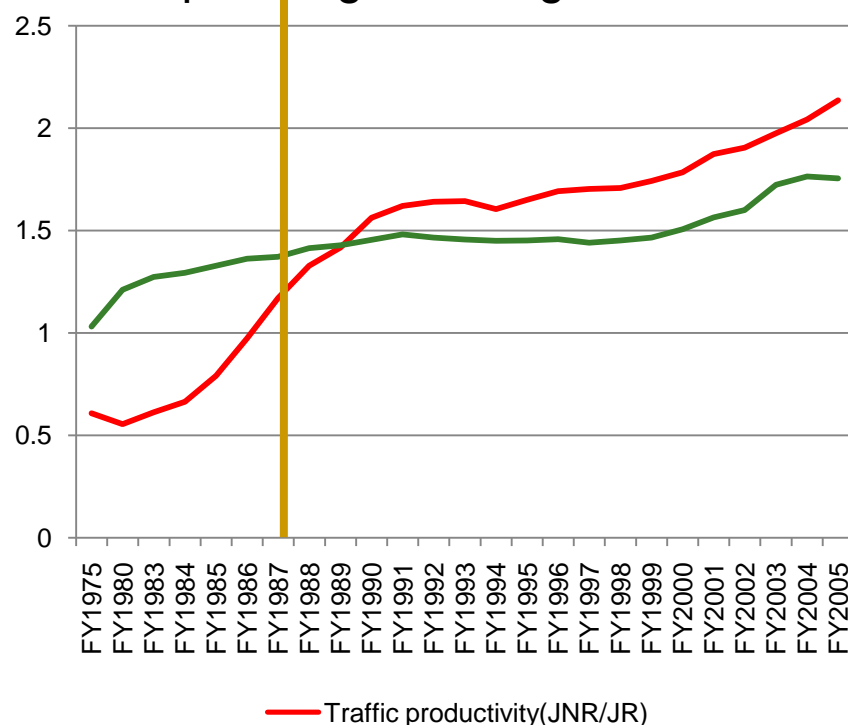
Revenue productivity(=operating revenue/personnel)

Traffic productivity(〔passenger kilometer tonnage kilometer〕/personnel)

million yen



million passenger/tonnage kilometer



# Table 4. Development of the denominators and numerators of productivities in JNR/JR

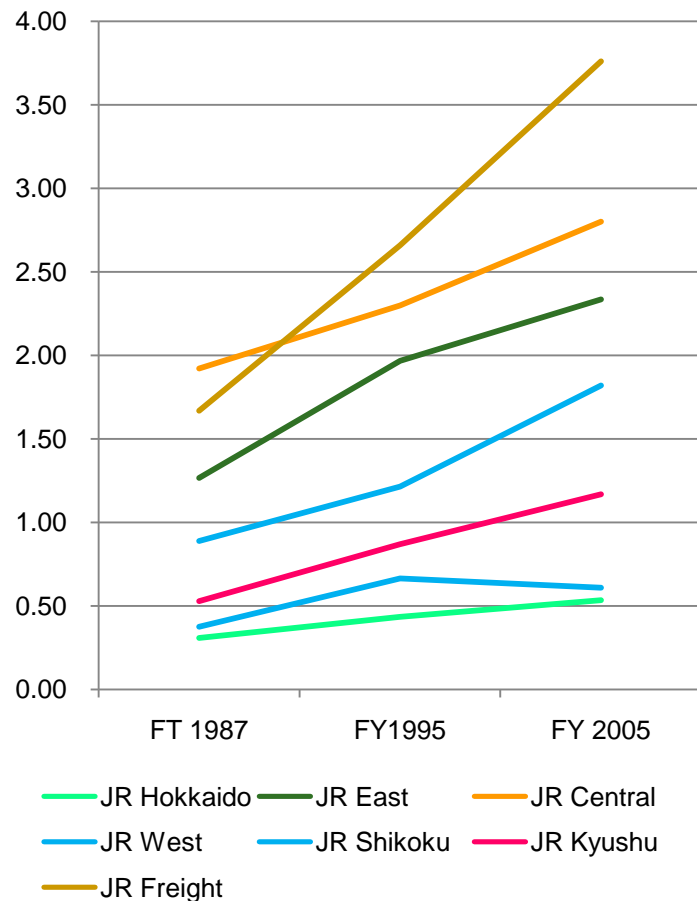
	numerators			denominators
	passenger kilometers(million)	tonnage kilometers (million)	operating revenue(million yen)	personnel
FY1980	193,143	36,688	2,963,679	413,594
FY1987	204,677	20,026	3,541,543	191,787
FY2005	245,996	22,601	4,277,771	125,742
FY1980	100%	100%	100%	100%
FY1987	106%	55%	119%	46%
FY2005	127%	62%	144%	30%
FY2005/FY1987	120%	113%	121%	66%

Source: Ministry of land, Infrastructure and Tourism(ed.), *Statistical Handbook on Land Transport* , 2006

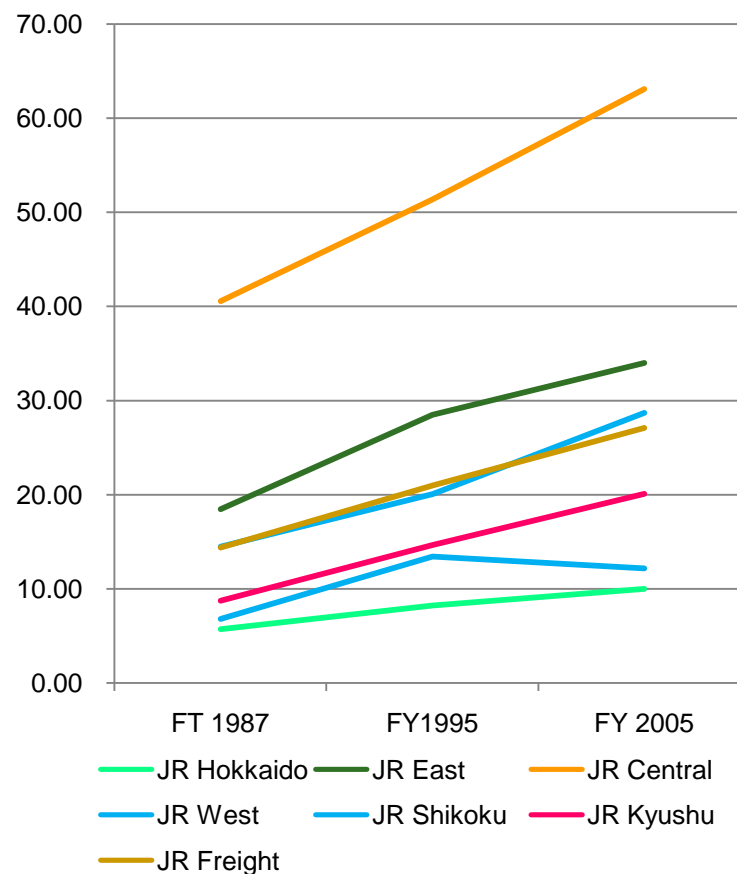


# Figure 3. Trend of productivity in JR companies

Traffic productivity([passenger kilometer or tonnage kilometer]/personnel)



Revenue productivity(=operating revenue/personnel)



Source: Ministry of land, Infrastructure and Tourism(ed.),  
*Annual Statistics of Railway* , each year.

# Table5. Development of the denominators and numerators of productivities in JR companies

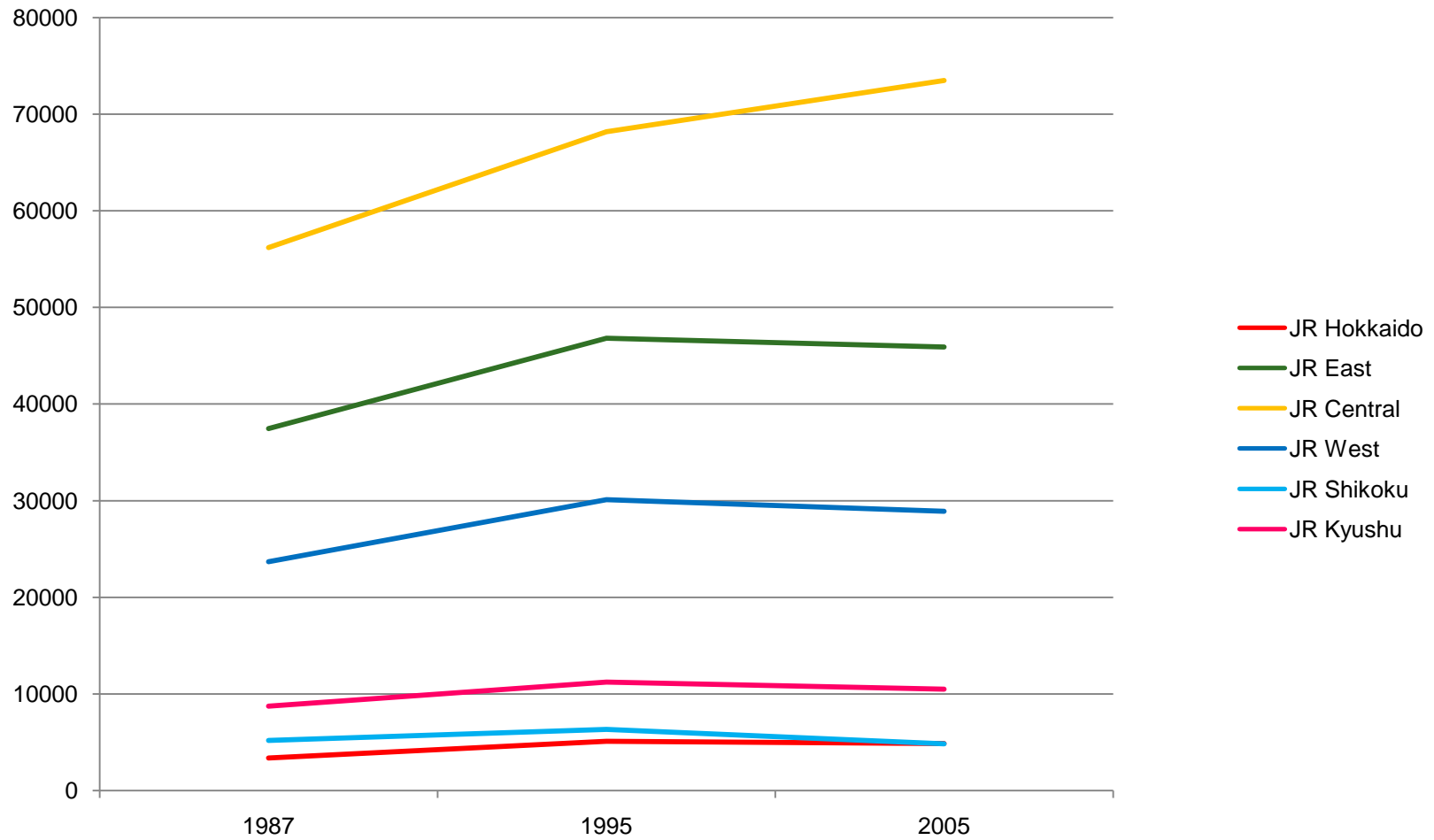
	Pasenger/tonnage kilometer(million)			Operating revenue(million yen)			Personnel		
	FY1987	FY2005	FY200 5/FY1 987	FT 1987	FY 2005	FY200 5/FY1 987	FY1987	FY 2005	FY200 5/FY1 987
JR Hokkaido	3,919	4,464	114%	72,620	83,562	115%	12,720	8,349	66%
JR East	104,490	126,142	121%	1,523,765	1,836,637	121%	82,470	54,017	65%
JR Central	41,147	52,880	129%	868,336	1,191,497	137%	21,410	18,882	88%
JR West	45,781	52,828	115%	747,030	833,166	112%	51,540	29,039	56%
JR Shikoku	1,673	1,512	90%	30,405	30,255	100%	4,466	2,486	56%
JR Kyushu	7,664	8,128	106%	126,641	139,778	110%	14,500	6,960	48%
JR Freight	20,025	22,601	113%	172,700	162,877	94%	12,005	6,009	50%

Source: Ministry of Land, Infrastructure and Tourism(ed.),  
*Annual Statistics of Railway* , each year.

# Figur4.. Traffic density of 6 passenger JR

companies

number of passenger per day /rout kilometer



Source: Ministry of land, Infrastructure and Tourism(ed.), *Annual Statistics of Railway* , each year.

## b. Trend of corporate performance of JR companies

- Trend of current balance of JNR and JRs
  - Drastic change on JNR privatization of 1987
  - Factors
    - Reduction of personnel and exemption of inherited liabilities
    - Economic boom from 1985: bubble economy
- Unequal trend in JR companies and going public
  - Unequal trend of corporate performance
    - Good performance: the 3 JRs in the main land going
    - Weak performance: the 3 JRs in the 3 island and JR Freight
  - Going public: only JR East, JR Central and JR West

# Figure 5. Current balance of JNR/JR

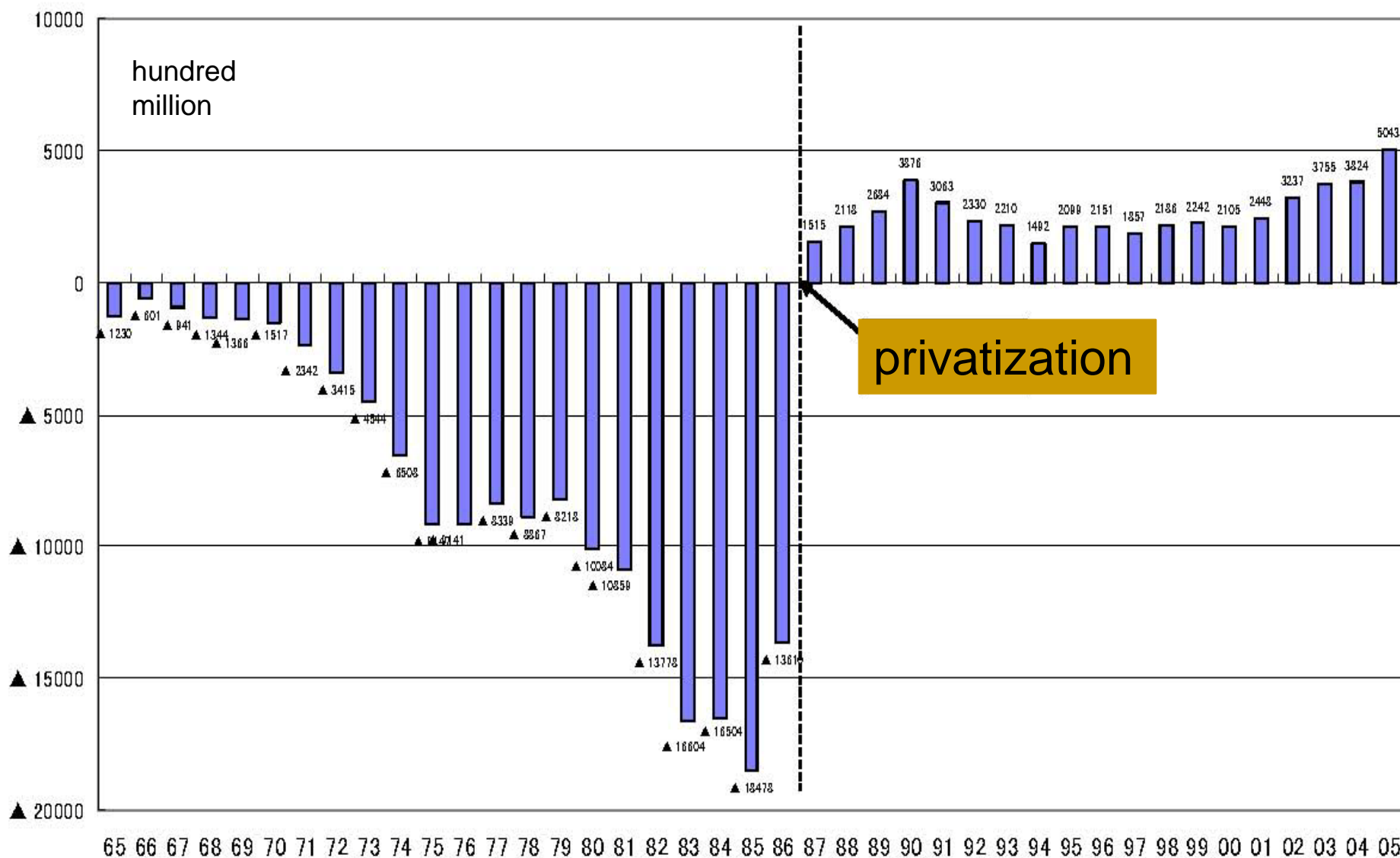
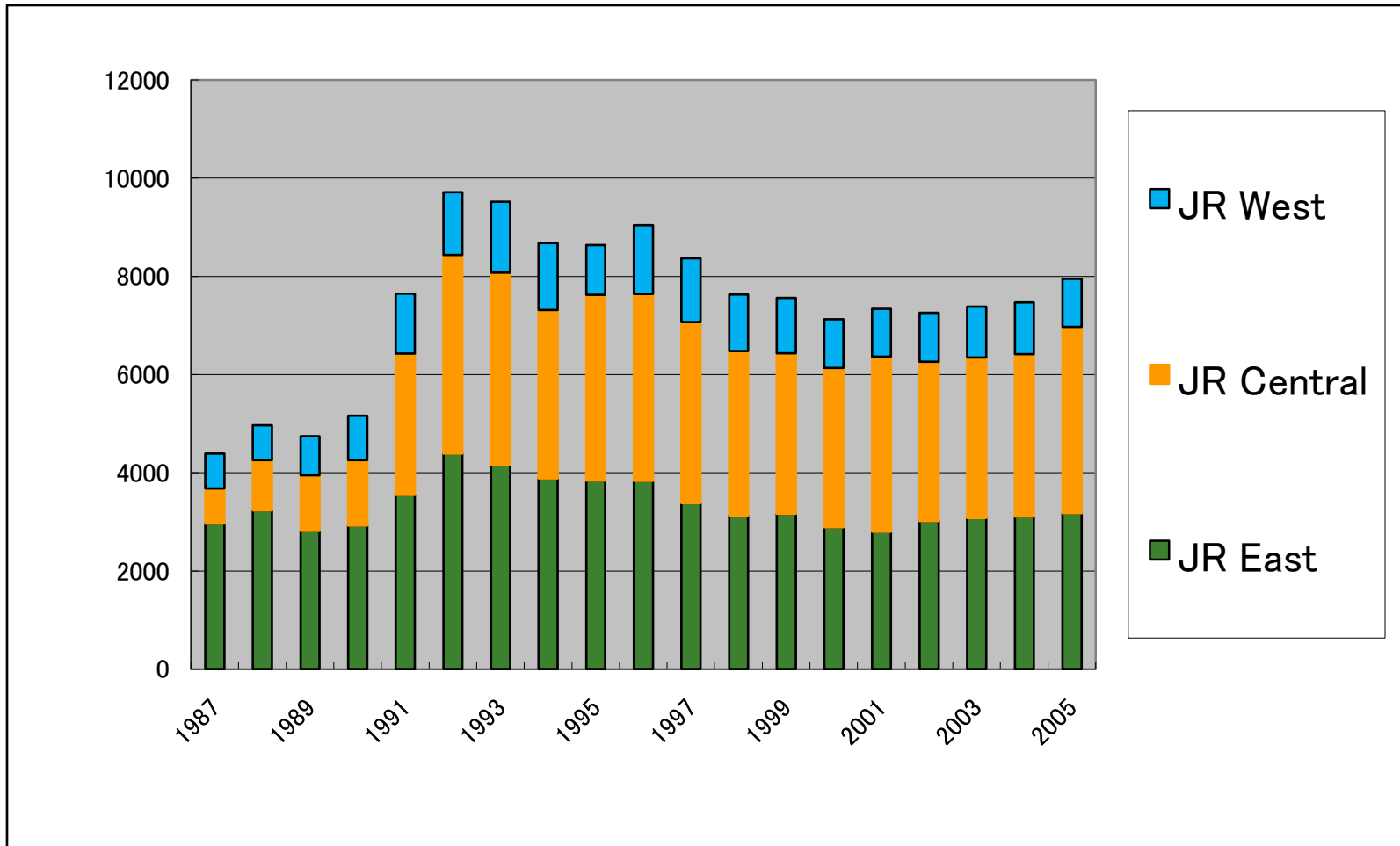
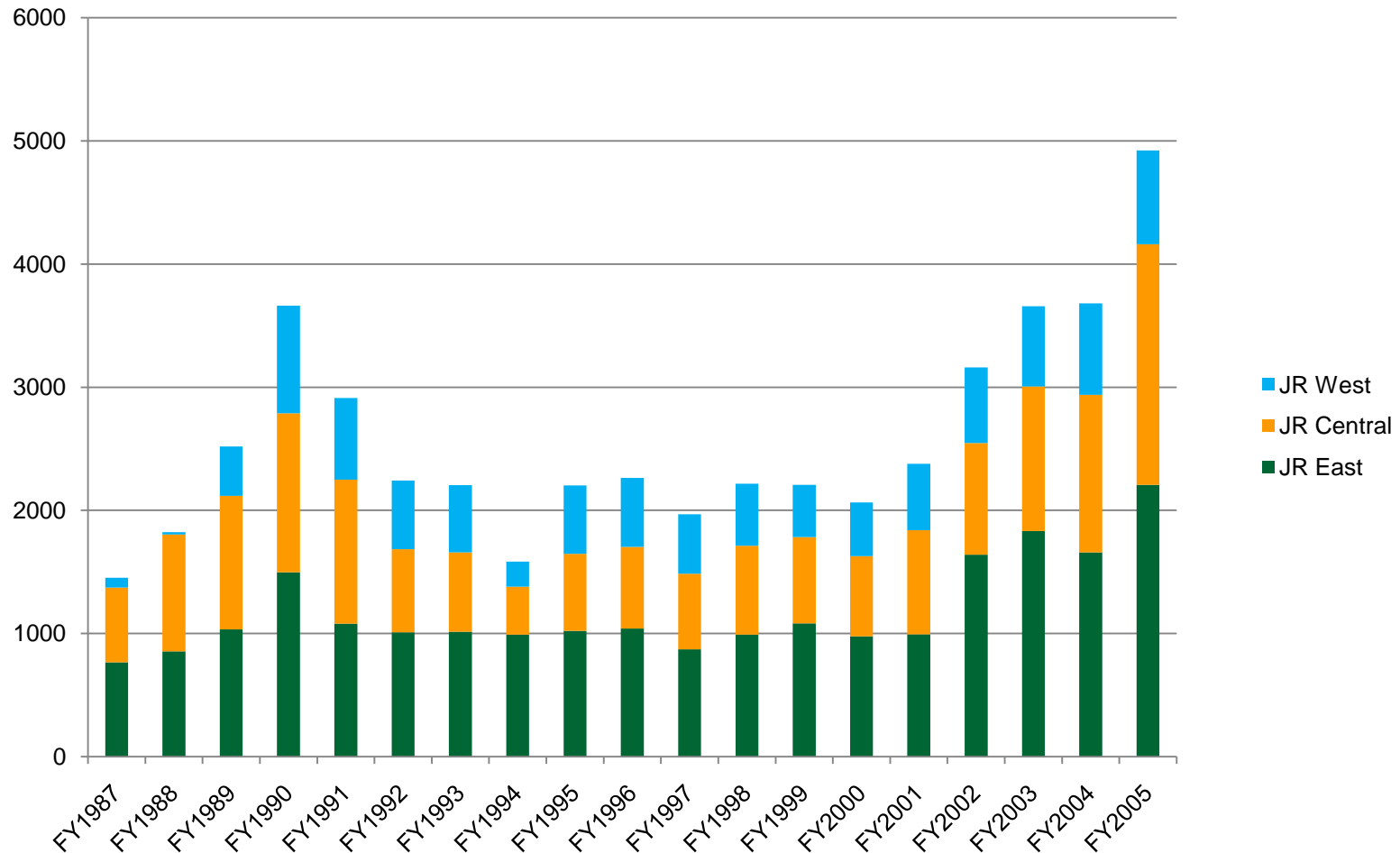


Figure 6. Trend of operating profit of 3 JRs in the main land (hundred million yen)



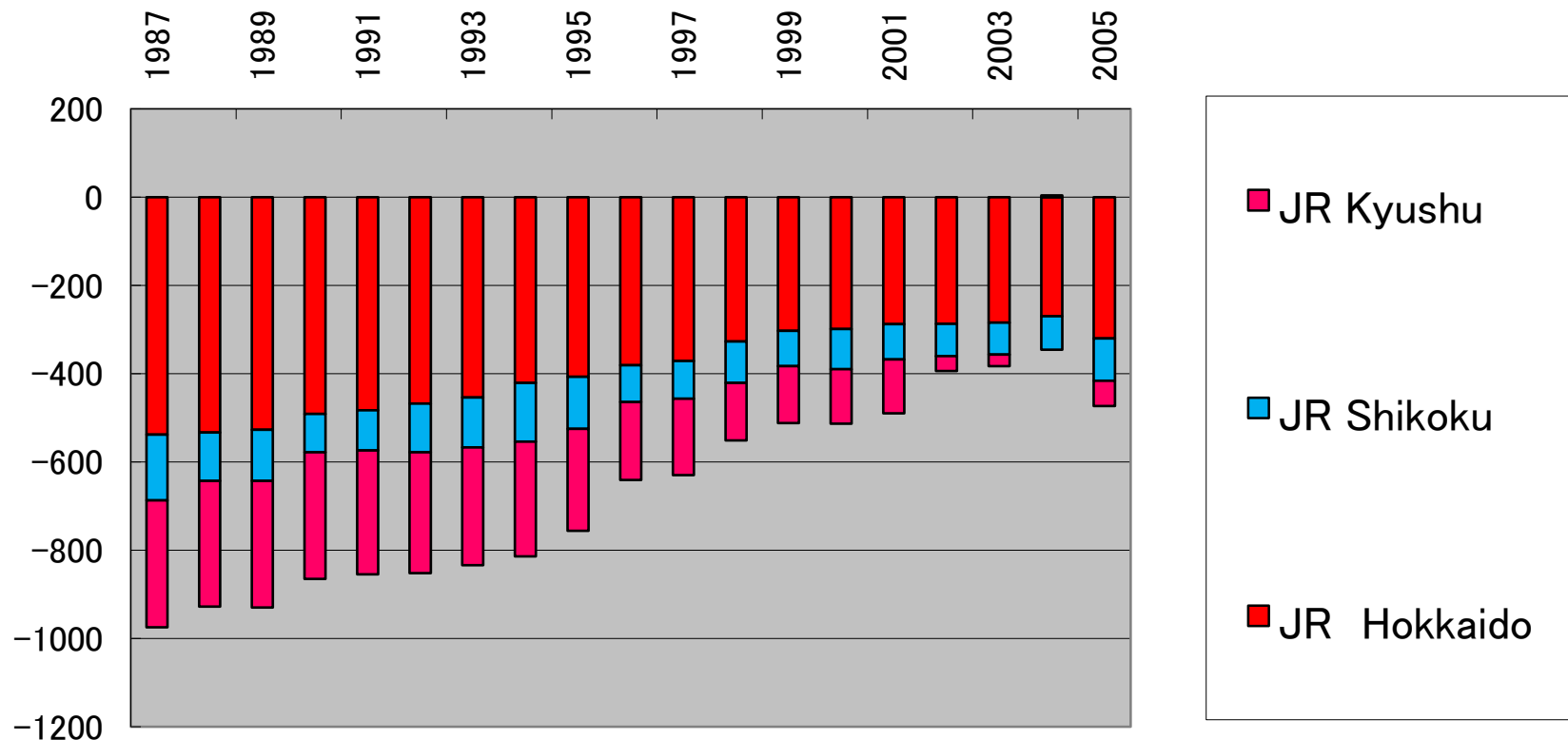
Source: Ministry of land, Infrastructure and Tourism(ed.), *Annual Statistics of Railway* , each year.

Figure7. Current balance of 3 JR Companies in the main land(hundred million yen)



Source: Ministry of land, Infrastructure and Tourism(ed.), *Annual Statistics of Railway* , each year.

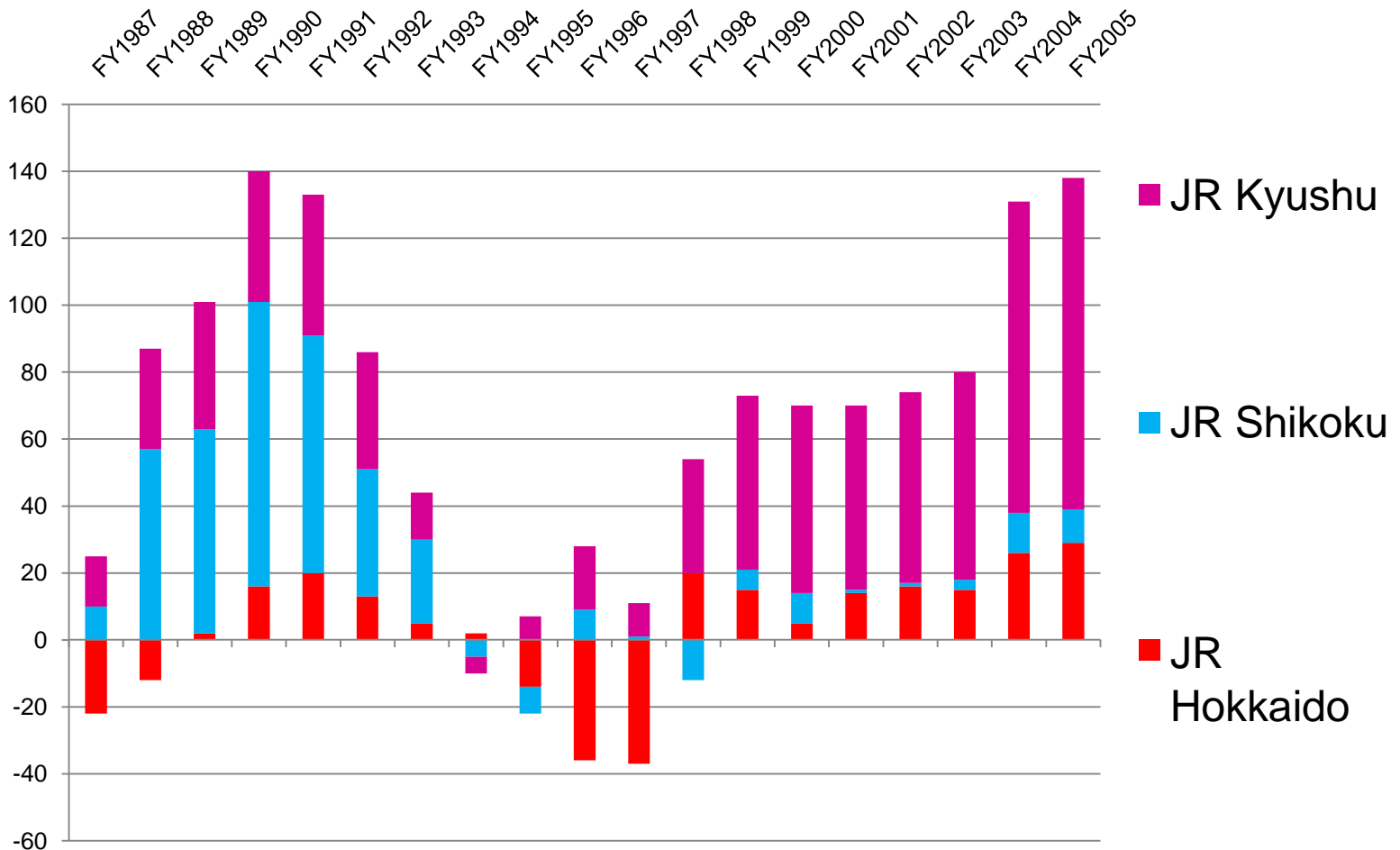
Figure 8. Operating loss of JR companies in the 3 islands (hundred million yen)



Source: Ministry of land, Infrastructure and Tourism(ed.), *Annual Statistics of Railway* , each year.

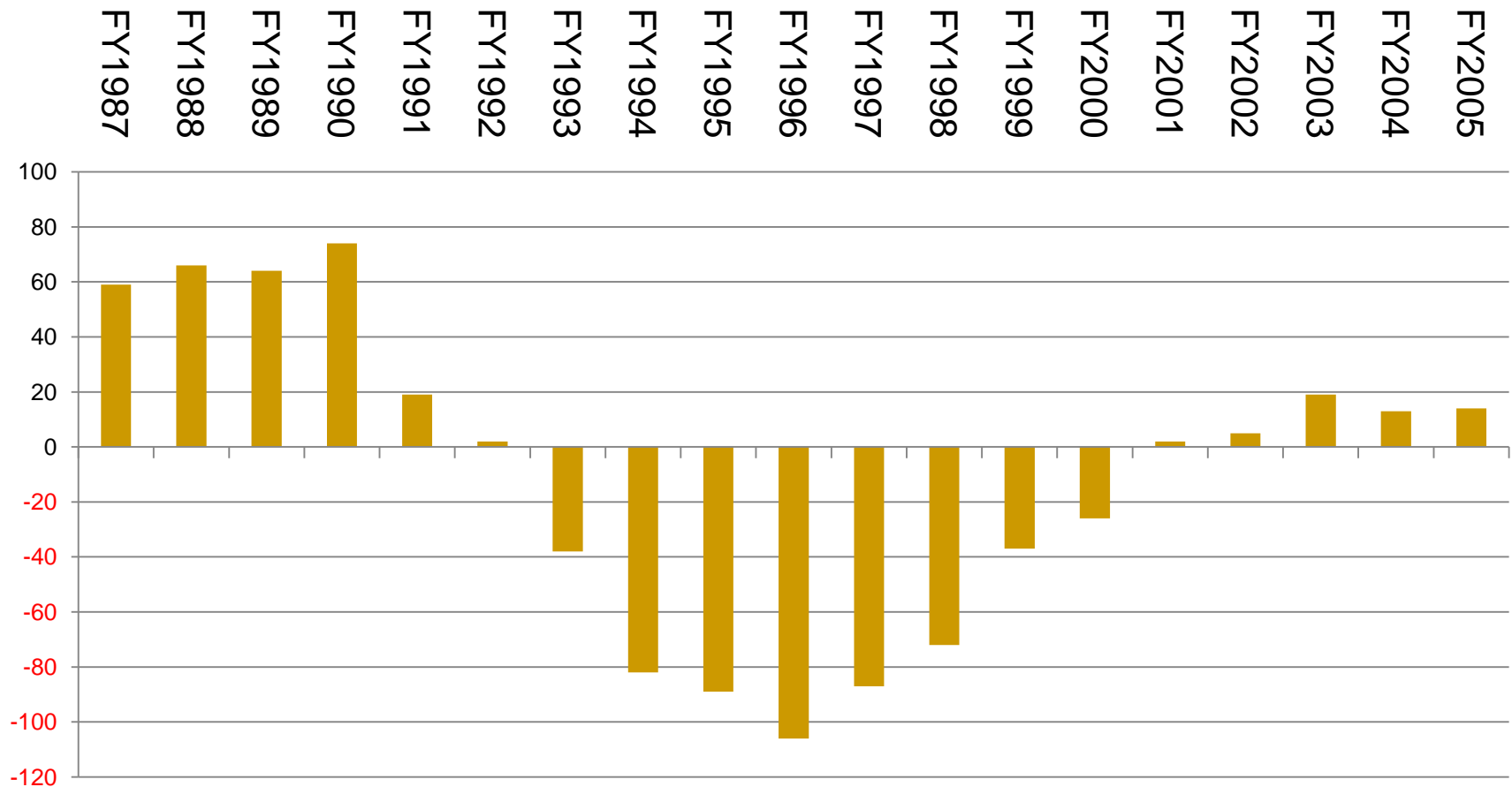


Figure 9. Current balance of the JR companies in the three islands (hundred million yen)



Source: Ministry of land, Infrastructure and Tourism(ed.), *Annual Statistics of Railway* , each year.

## Figure 10. Trend of current balance of JR Freight(hundred yen)



Source: Ministry of land, Infrastructure and Tourism(ed.), *Annual Statistics of Railway* , each year.

Table 6. Sales of JR East, JR Central and JR Freight owned by JNR Settlement Corporation

month and year of selling stocks date	issuing company	sold stocks (thousan d)	percent of stocks owned by JNR Settlement Corporation	Revenues (Bilion Yen)
Oct.1993	JR East	250	100%→37.5%	1,076
Oct.1996	JR West	1,366	100%→31.5%	488
Oct.1997	JR Central	1,354	100%→39.7%	486
Aug. 1999	JR East	1,000	37.5%→12.5%	652
June 2002	JR East	500	12.5%→0%	266
Mar. 2004	JR West	634	31.5%→0%	261
Juli 2005	JR Central	600	39.7%→12.8%	477
Apr.l 2006	JR Central	286	12.8%→0%	329
Total reveues				4,035

Source Ministry of Finance , Website(<http://www.mof.go.jp/gaiyou/h10/h10ji.htm>)、JNRSH(JNR Settlement Headquarters) Website(<http://www.jnrsh.gr.jp/kabushiki/ka>).

### ③ Impact on the share of JR traffic in transport market

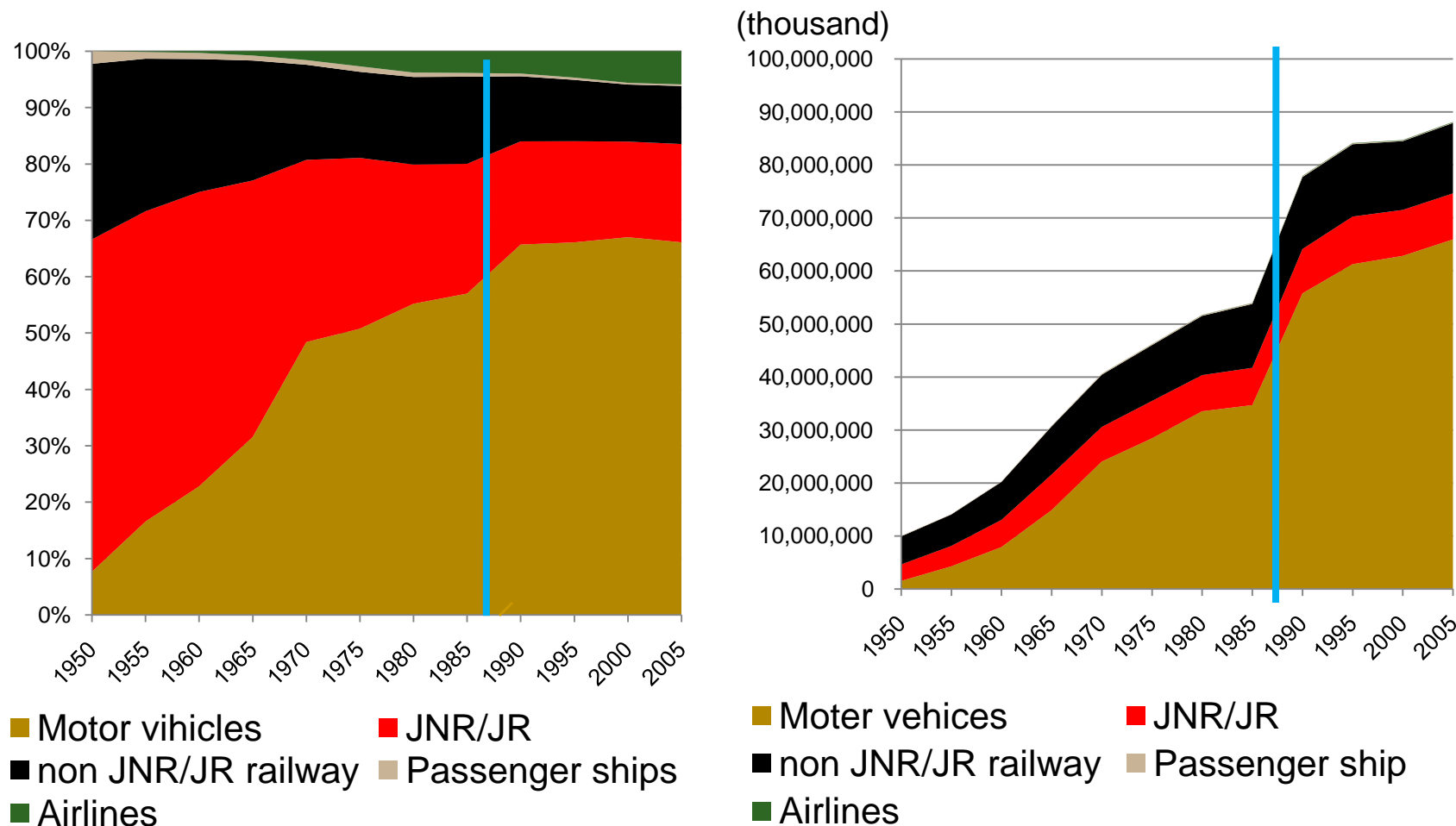
#### a. Passenger traffic

1. Decreasing share before and also after the privatization slowly
2. No stopping the decreasing share by the privatization

#### b. Freight traffic

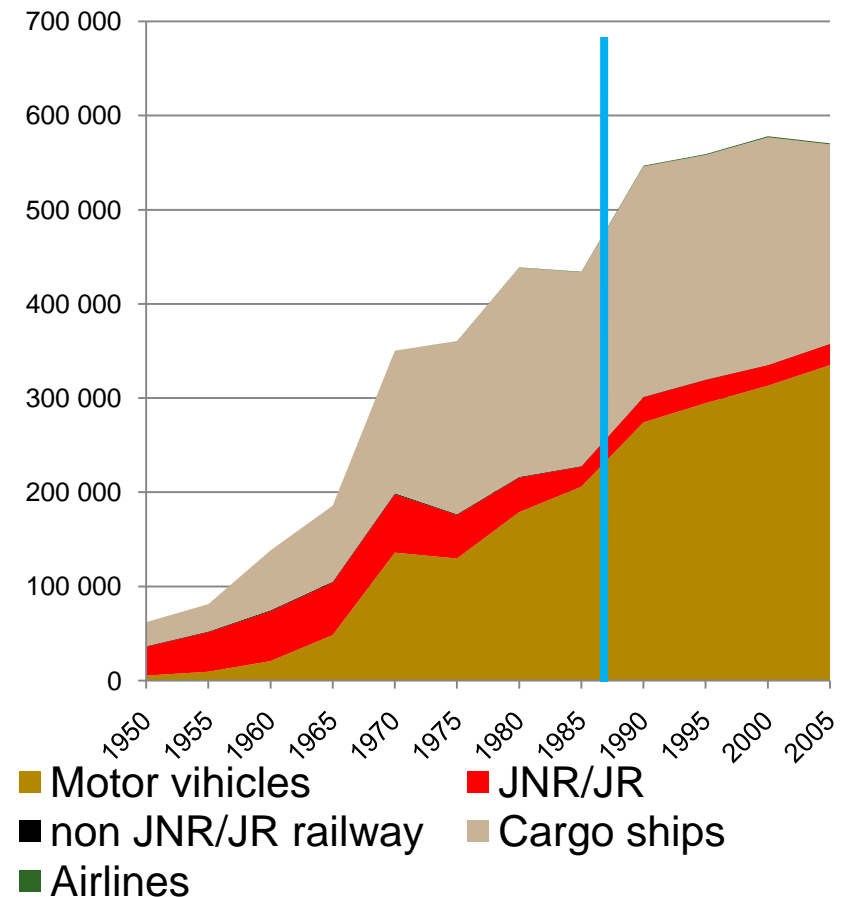
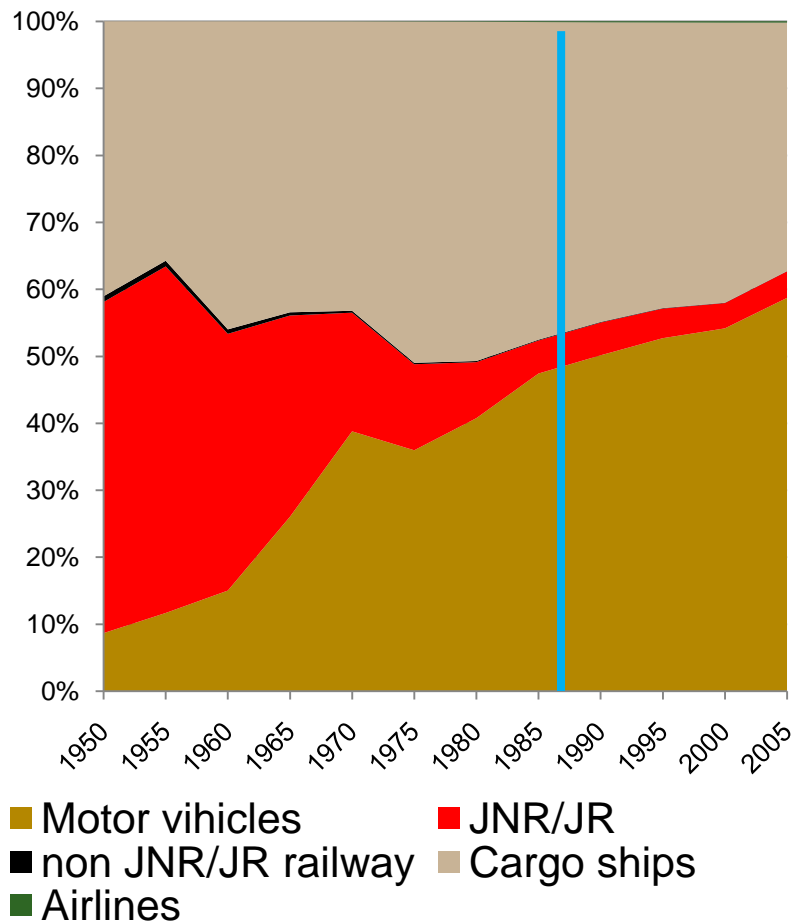
1. Decreasing share before and after the privatization
2. Miserable share and modal shift from environmental point of view
3. Weak position of JR Freight
  - i. weak financing power
  - ii. Weak right to decide timetable convenient to her

# Figure 11. trend of market-share of the railway in passenger (passenger kilometer)



Source: Ministry of land, Infrastructure and Tourism(ed.), *Statistical Handbook on Land Transport*, 2006

# Figure 12. trend of market-share of railway in freight (tonnage kilometer )



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## ④ Impact on burden of public finance

- a. Explanation by the Ministry of LIT
- b. Scheduled way for redemption of the inherited liabilities and its failure

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## a. Explanation by the Ministry of LIT

1. Drastically decreasing subventions from the government
2. Ignorance of the inherited liabilities 25.5trillion yen by JNR Settlement Corporation(JNRSC)



## b. Scheduled way for the redemption of the inherited liabilities and its failure

### 1. Scheduled way for the redemption

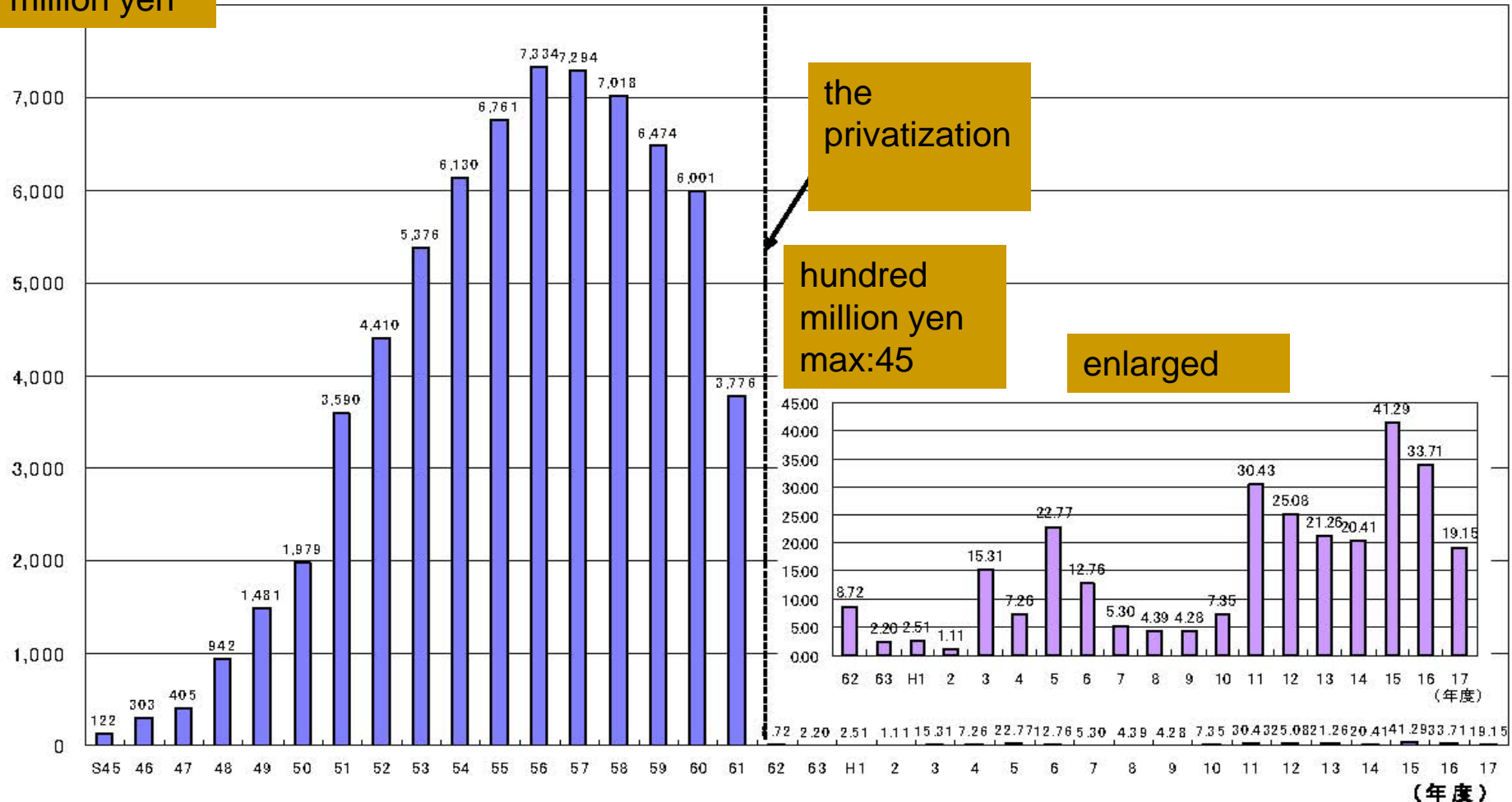
- i. Gains from the sale of real estate: 7.7trillion yen
- ii. Gains from the sale of JR Shares: 1.2trillion yen
- iii. General budget accounting: 13.8trillion yen
- iv. Lease fees from Shikansen lines:2.9

### 2. Failure of the redemption and factors

- i. Increasing of Liabilities in JNRSC
- ii. Factors of the increasing
  - Difficulties in the sale of real estate due to economic depression
  - Wrong fiscal policy like a conversion of lease fees to build new Shikansen lines and few government subsidies for JNSRC

# Figure13. Subventions to JNR and JR from the government

hundred million yen



Source: Ministry of Land, Infrastructure and Tourism, About the Reform of JNR (<http://www.mlit.go.jp/tetudo/kaikaku/01.pdf>).

# Figure 14. Settlement of Liabilities for JNR privatization

	Original debtors	Inherited debtors	Planned funds for redemption
JNR Long-term liabilities 25.0	<div>Others 16.4</div> <div>amount equivalent to JR East, JR Central, West and JR Freight etc. 4.7</div> <div>Amount equivalent to Tokaido, Sanyo and Tohoku Shinkansen 3.9</div>	JNR Settlement Corporation 25.6	<div>Gains from the sale of real estate 7.7</div> <div>Gains from the sale of JR stocks 1.2</div> <div>General budget accounting 13.8</div>
JRCC Liabilities	<div>Amount equivalent to Honshu(Mainland) Railways lines assets 1.2</div> <div>Amount to Joetsu Shinkansen assets 1.8</div> <div>Amount to Seikan Tunnel assets 1.5</div>	Shinkansen Holding Corporation 5.7	<div>Redemption to JNR Settlement Corporation 2.9</div> <div>Shinkansen Holding Corporation 5.7</div> <div>Lease fee for Shinkansen Railtracks</div>
Other liabilities	<div>Honshu-Shikoku Bridge Authority's JNR-related liabilities 0.7</div> <div>Management Stabilization Fund for JR Hokkaido, JR Shikoku and JR Kyushu 1.3</div>		
Future expenses	<div>Pension liabilities and others 5.0</div> <div>Retraining and Reemployment promotion expenses and others 0.7</div>	<div>JT East, JR Central, JR West and JR Freight 5.9</div>	<div>JR East, JR Central, JR West and JR Freight 5.9</div>

Source: Ron Kopicki and Louis S. Thompson, Best Methods of Railway Restructuring and Privatization, CFS Discussion Paper Series, Number 111, p.91(partly revised).

**Table 7 Growing Liabilities of JNR  
Settlement Corporation**

	<b>¥ trillion</b>
<b>Liabilities on April 1, 1987</b>	<b>25.5</b>
<b>Expenses</b>	<b>14.6</b>
Interest payments for public loan	7.2
Interest payments for private loan	2.1
Interest payments for Stabilization Fo	0.6
Pention burden	3.5
<b>Revenues</b>	<b>12.9</b>
Revenues from the sale of real estate	5.6
Revenues from the sale of JR stock	2.5
Revenues from Shinkansen Holding Organization	2.4
Government subsidies	1.6
<b>Liabilities on April 1, 1996</b>	<b>27.3</b>
<b>New Pensionburden</b>	<b>0.8</b>
<b>Liabilities on April 1,1997</b>	<b>28.1</b>
<b>Liabilities on October 22, 1998</b>	<b>28.3</b>

Source: Japanese Ministry Transport(ed.), *Tranport White Paper, 1996*, Tokyo 1997 and *Trasport Newspaper* on Oktober 23, 1998.

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⑤ Impact on the public welfare: rural public railway services and safety of railway traffic

- a. Rural public railway services :  
Discontinuance of railway lines
- b. Safety of railway traffic

## a. Rural public service :

### Discontinuance of railway lines

1. 83 low density lines by the Special Act for the Promotion of JNR Reconstruction of 1980 to 1990(ca.3,100 route Km, 14.5% of all lines)
  - i. 45 lines: converted to bus services
  - ii. 37 lines: inherited by public-private mixed railway companies(the third sector railways)
  - iii. 1 line: sold to a private railway company
2. 14 lines of JR and third sector railways
3. Separation of the parallel conventional lines due to opening of Shinkansen lines

**Table 8. Discontinued lines after the privatization**  
(exclusive of those by the Special Act for the Promotion of JNR Reconstruction)

Discontinued line	route km	Discotinuied year	trasformation of operator
Kami–Sunagawa Nebenst.	7.3	1994	JNR→JRHikkaido→bus
Kuroishi	6.2	1988/4/1	JNR→private company→closing
Shinmei	121.8	1995/9/4	JNR→JRHokkaido→ Bus
Omine	2.8	1997/4/1	JNR→JRWest→closing
Yokokawa– Karuizawa	11.2	1997/10/1	JNR→JREast→closing
Ohata	18.0	2001/4/1	JNR→private company→closing
Wajima	20.4	2001/4/1	JNR→third sector→closing
Kabe	46.5	2003/12/1	JNR→JRWest→closing
Noto	61.0	2005/4/1	JNR→thrid sector→closing
Furusato–Ginga	140.0	2006/4/21	JNR→third sector→bus
Kamioka	19.9	2006/12/1	JNR→thrid sector→bus
Kurihara–Denen	25.7	2007/4/1	JNR→thrid sector→bus
Miki	6.6	2008/4/1	JNR→thrid sector→closing
Takachiho	50.0	2008/12/28	JNR→thrid sector→closing
537.4			

Source: Documents from Ministry of Land , Infrastructure and Tourism.

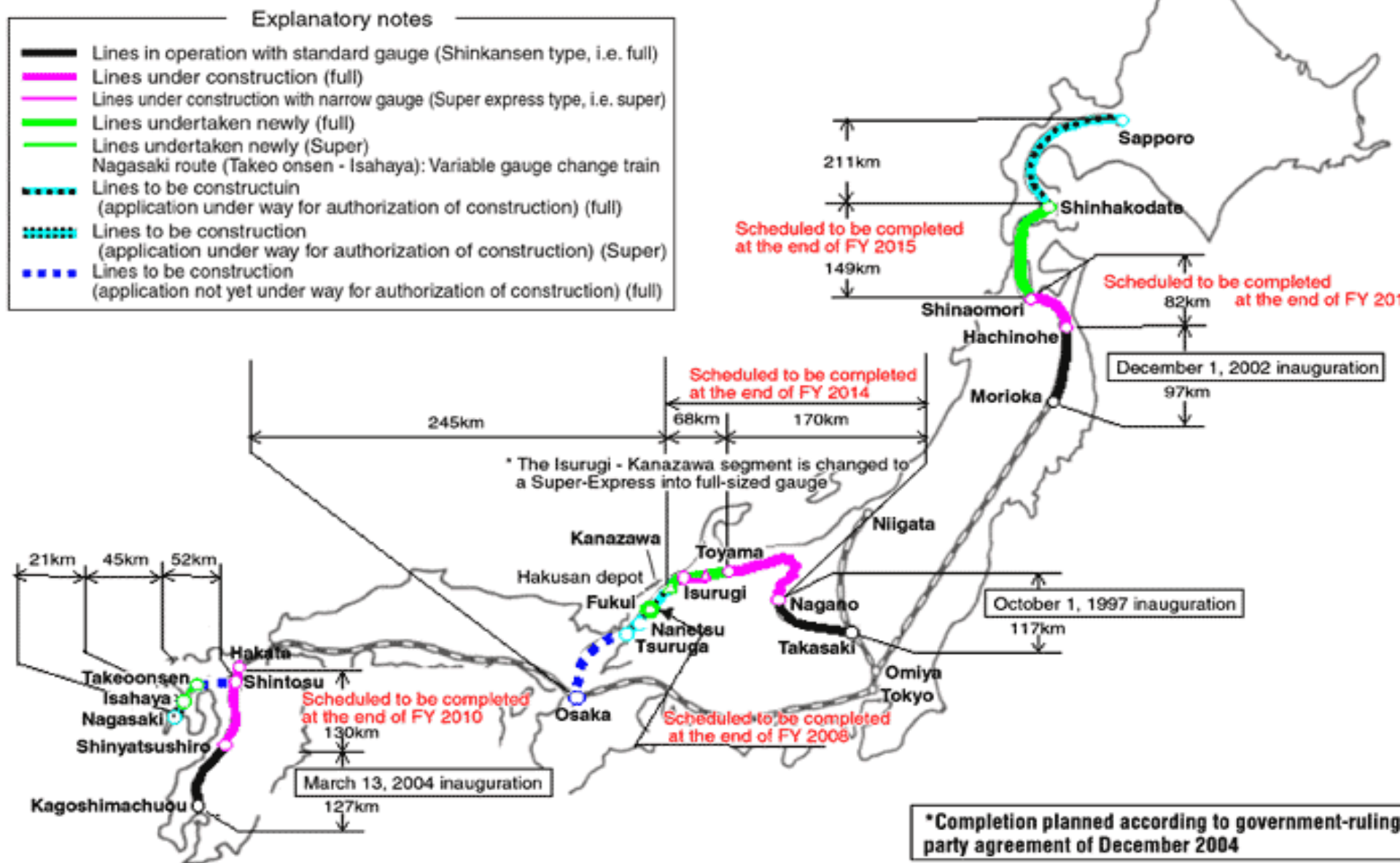
## Table9. Separated Lines from operations of JR passenger companies

Separated lines	Route Km	Separated Date	Shinkansen parallel to
Karuizawa–Shinonoi	65	Oct.1,1997	Hokuriku Shinkansen
Morioka–Hachinohe	108	Dec.1,2002	Tohoku Shinkansen
Sendai–Yashiro	117	Mar.13.2004	Kyushu Shinkansen
Hachinohe–Aomori	96	Scheduled	Tohoku Shinkansen
Nagano–Karuizawa	252	Scheduled	Hokuriku Shinkansen

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Figure 15. **Current status of new Shinkansen lines**



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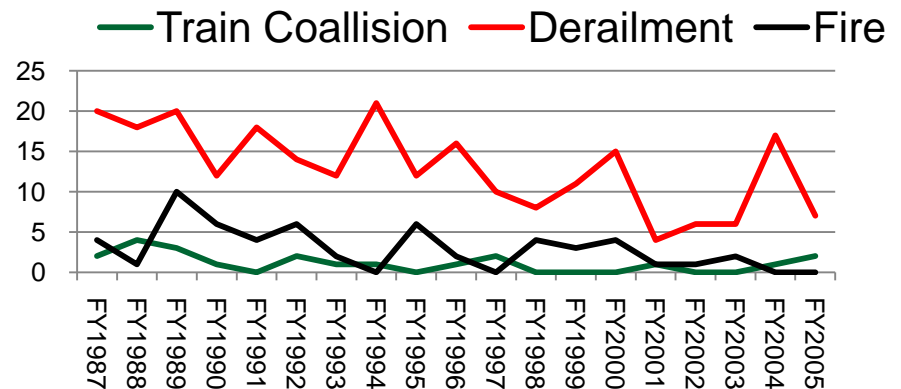
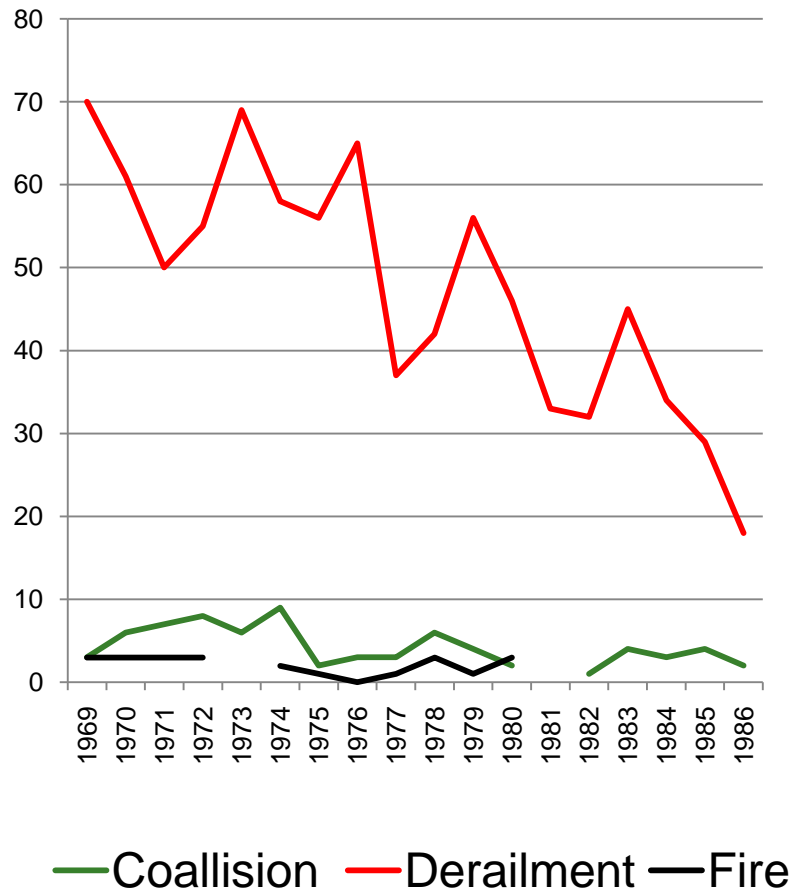
## b. Impact on the railway safety

1. Statistical observation
2. A case study : the train derail accident in Fukuchiyama-Line

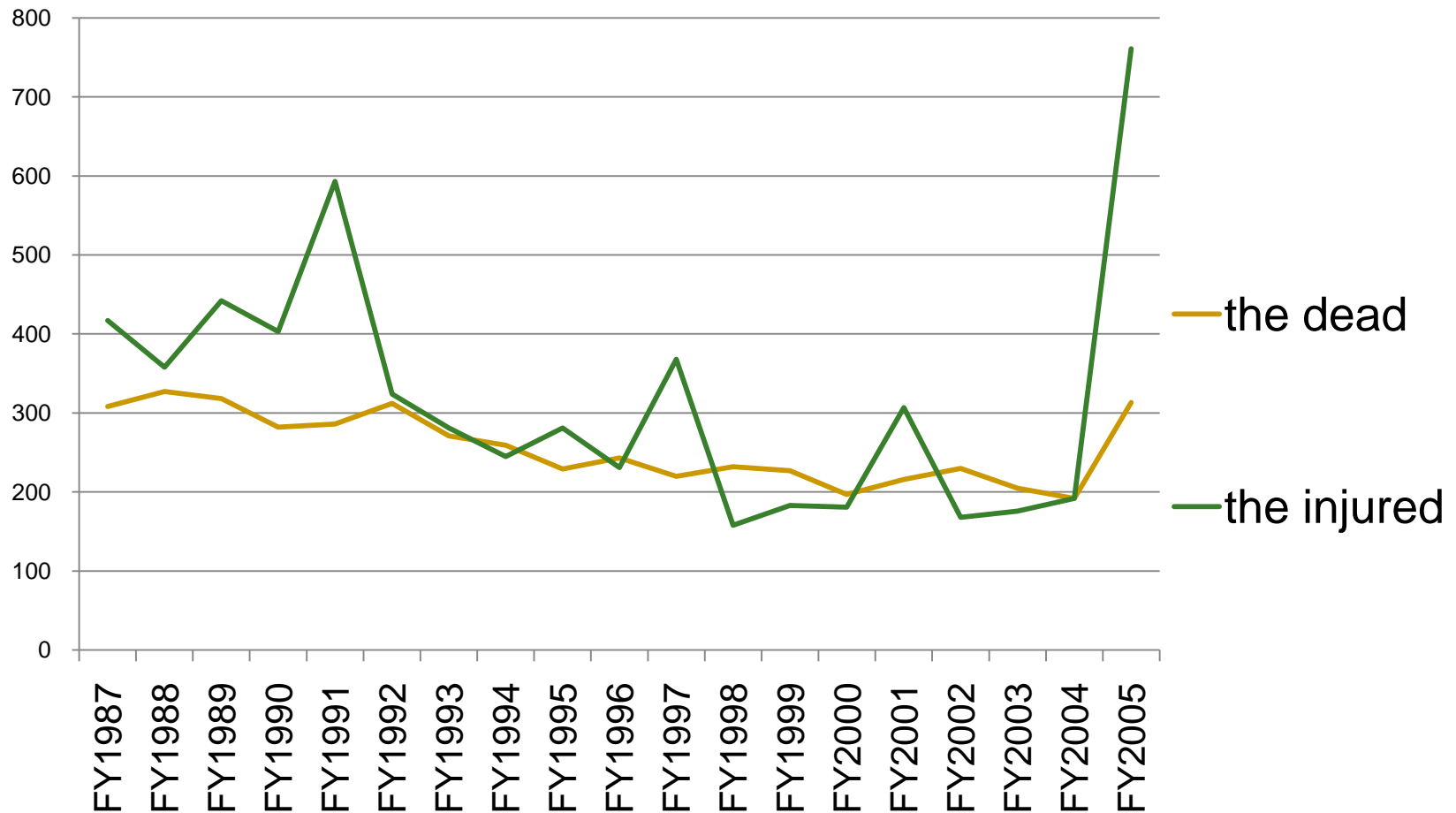
# 1. Statistical observation

- i. Train accidents before and after 1987
  - Generally in the whole period : decreasing
  - But, the decrease rate of the before: bigger
- ii. Trend of the dead and injured by train after 1987
  - Slowly decreasing
  - But, rapidly increasing in 2005 due to the train derail accident in Fukuchiyama-Line

# Figure 16. Trend of train accident by JNR and JR companies



# Figure17. Trend of the dead and injured by JR companies



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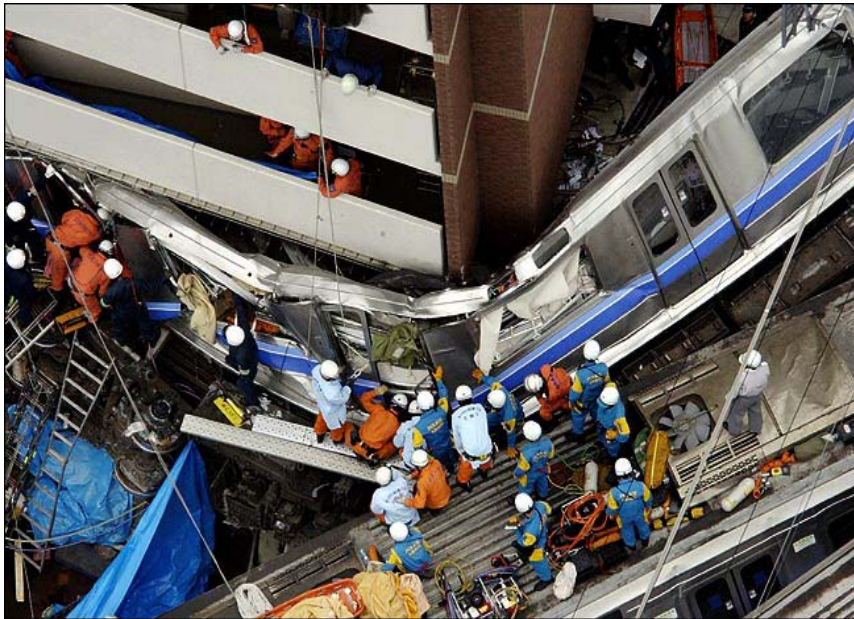
## 2.A case study : the train derail accident in Fukuchiyama-Line

- I. Outline of the accident
- II. Direct and indirect causes
- III. Excessive behavior toward profitability as important one of the backgrounds



## i . Outline of the accident

- Date: 9:25a m. , April 25<sup>th</sup>, 2005
- Five cars derailed at a curve and two hurtled into a nine-story apartment building
- The dead 107(inclusive of a driver), the injured 549



Source: *New York Times* , April 26th, 2005(Associated Press).

## ii . Direct and indirect causes

- Direct cause
  - 23 year-old driver speeding up at a curve in order to make up for a lost 90seconds: 62miles an hour(the limit : 44 miles )
- Indirect causes
  - Suppressive management of human resources
  - Congested train schedule
  - Delay of investment for safety such as installment of ATC(Automatic Train Control)
  - Deregulation policy by the government in relation to technical standards



### iii. Excessive behavior toward profitability as important one of the backgrounds

- November 2001, set up a medium-term(five years) business plan towards full privatization and realization in FY 2004
  - ROE: target 9.6% in FY2005 from 8.1% in FY2000
  - Personal: 320,000 in FY2005 from 410,000 in FY 2005
- March 25<sup>th</sup> , 2005 set up of another business plan "Challenge 2008"
  - ROE: 10.0%
  - Raising dividend

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## IV. Conclusion

JNR privatization is

- ① Oriented to more perfect privatization
- ② Oriented to more business policy, i.e. profitability than to transport and environmental policy

JNR privatization has brought

- ① Prosperity of profitable JR East, JR Central and JR West
- ② Unresolved problems like the weak positions of the railway traffic , the danger to downfall of lines in rural areas and the safety

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Thank you for your patience !

Welcome your questions !