Dutch and Japanese Railway Reforms and Exchanges

Didier van de Velde

The 1995 Railway Reform

The railway reform initiated in 1995 in the Netherlands aimed to increase the market share of railways in overall transportation. It was based on the advice of the Wijffels select committee[1] appointed in 1991 by the Minister of Transport that advocated reorganization of the national railway company Nederlandse Spoorwegen (NS) into a number of divisions (passenger, freight, infrastructure management and allocation of infrastructure capacity). It involved substantial deregulation, giving NS the freedom to determine its investment, finance, service supply, fares, and personnel policies. The reform was implemented by a transitional contract for 1996–2000.

European Directive 91/440 on the separation of railway infrastructure and operations was one factor triggering this reform. Its implementation at NS created a 'market sector' (operating under market principles) and three so-called 'task organizations' whose costs are covered by the Ministry of Transport.

The 'market sector' is composed essentially of NS Reizigers (operates passenger services), NS Stations (develops and operates stations), and NS Vastgoed (manages property portfolio and develops real estate). All three businesses form the core of the 'market sector' of the NS concern. NS also owns or has interests in other companies such as Railion, formerly NS Cargo (joint venture with Deutsche Bahn Cargo), and, until recently, in Telfort (joint venture with British Telecom).

The three 'task organizations' are Railned, NS Verkeersleiding (NS Traffic Control), and NS Railinfrabeheer (NS Rail Infrastructure Management). Railned is responsible for licensing train operators, for allocating existing capacity (passenger, freight and infrastructure maintenance), for overseeing railway safety, and for providing advice to the Ministry of Transport. This last task must be fulfilled based on the government's policy priorities, the operators' requirements, and the possibilities for innovation. NS Verkeersleiding is charged with daily traffic dispatching.

A unique aspect of the Dutch model is the distinction between Railned and NS Railinfrabeheer, which is responsible for constructing, maintaining and managing the railway infrastructure, including supervision of large projects such as construction of high-speed lines or the new dedicated freight railway to Germany (the so-called Betuwe Line).

In the first stage up to this year, charges for using the infrastructure were set at zero. In exchange, state subsidies to NS for train operations were reduced to zero by the year 2000. Passenger services now have to cover operational costs (i.e. excluding infrastructure costs). The operation of passenger services that are considered loss-making by NS but that are deemed to be socially desirable by the government are contracted separately by the Ministry of Transport for an amount of about NLG180 million per year. Compared to the situation before the reform, it is estimated that this arrangement has halved the operational subsidy. Furthermore, NS is even paying a small dividend to the Dutch state as shareholder for the last few years.

Appearance of Competition

While the Wijffels select committee did not explicitly propose the introduction of competition in passenger services, the 1995 reforms made competition possible and several new operators appeared from 1996–2000. During this period, NS Reizigers continued to provide all intercity, express and local train services on the main-line network, while NS International provided the *Thalys* high-speed services to Brussels and Paris (jointly with French National Railways (SNCF), Belgian National Railways (SNCB) and German Railways (DB AG)) as well as some other international connections. However, the main changes occurred in the regional train services.

New Lint 41 built by Alstom LHB of Germany for Syntus and due for delivery in January 2001 (Syntus)

Competition 'for the tracks'

In the eastern part of the Netherlands, the main state-owned bus operator ConneXXion won (through its predecessor Oostnet) the right to operate a short local railway line from NS Reizigers by competitive tendering. In the same region, NS Reizigers started a joint venture called Syntus with ConneXXion and Cariane Multimodal International (part of the SNCF Group) to operate an integrated bus–train network on the basis of a non-competitive contract with the provincial government of Gelderland.

A similar development was seen in the north where NS Reizigers, Arriva (a British operator who entered the Dutch market at privatization of the local subsidiary of ConneXXion) and a bank were granted a non-competitive contract by the provincial government of Fryslân (Friesland) to operate the integrated NoordNed bus–train network. Since then, NoordNed has also won a competitive tender to operate a local train network in the neighbouring province of Groningen. These movements towards contracting and tendering in regional passenger transport are largely the result of experiments related to the new passenger transport law (*Wet Personenvervoer 2000*) adopted in May 2000 that will introduce competitive tendering in public transport. Curiously, both the Fryslân (NoordNed) and Gelderland (Syntus) networks did not involve competition but only the threat of competitive tendering if the incumbents (local state bus company and NS) did not agree to cooperate and create an integrated bus–rail network. Interestingly, while these joint ventures started rather cautiously between incumbent state companies, the course of events eventually led NS Reizigers to become partners with businesses as different as a huge private British bus operator and a subsidiary of SNCF.

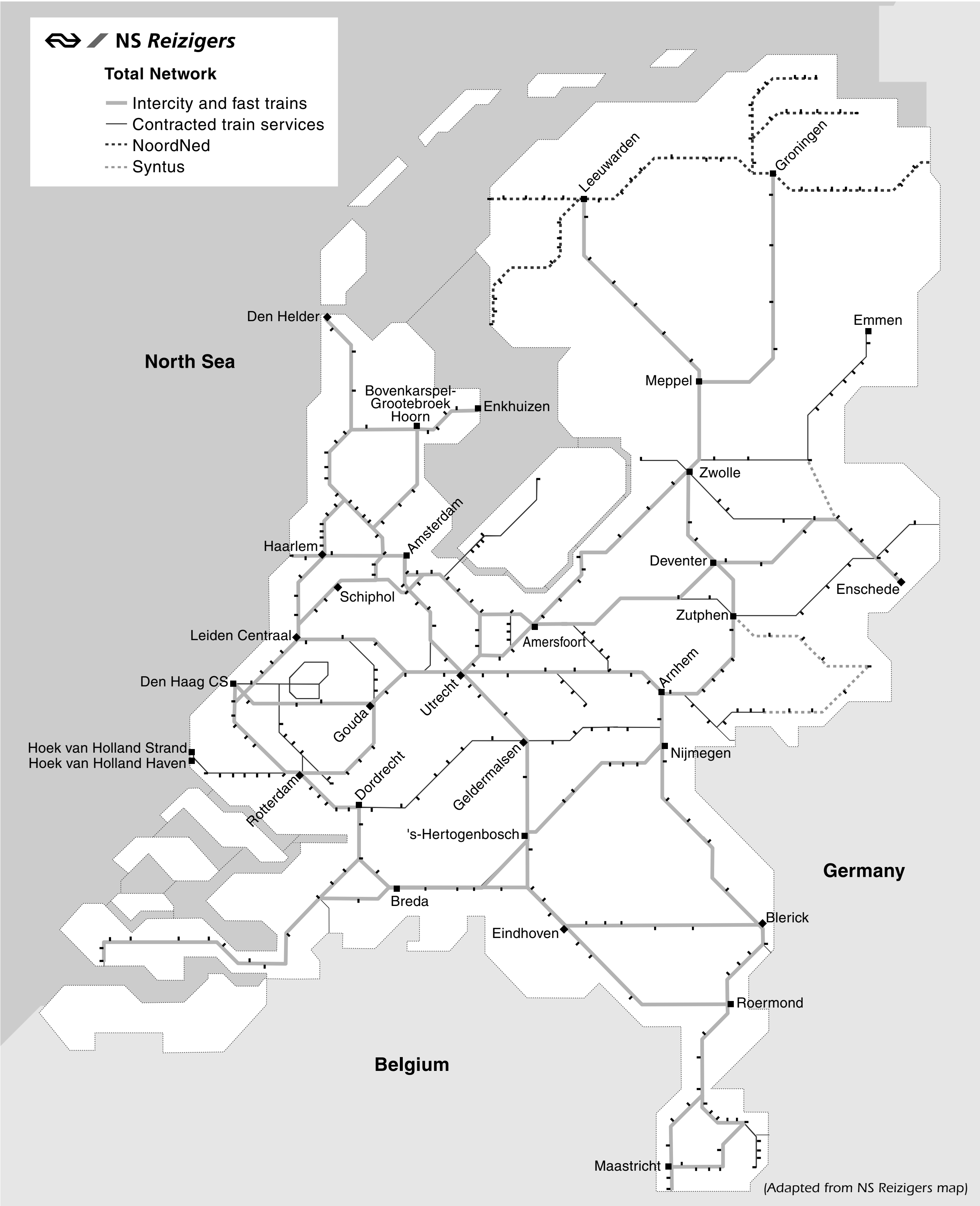
'On the tracks' competition

The above examples all involve exclusive rights granted by transport authorities to transport operators through negotiations or competitive tendering. They are similar in principle to the operator franchises used in the UK privatization model. A much less orthodox experiment was the direct 'on the tracks' competition between Amsterdam and Haarlem by Lovers Rail (the entrant) and NS Reizigers (the incumbent). In 1996, based on the provisions of the Passenger Transport Law, Lovers Rail asked the Ministry of Transport for permission to operate services on several lines in the most densely populated areas of the Netherlands. Although Lovers Rail had no experience in conventional scheduled railway passenger transport (it originated as an operator of sightseeing boats in Amsterdam), it was granted permission to operate passenger services on the Amsterdam–Haarlem–IJmuiden route. This required reopening of 6 km of track that had been closed by NS in the 1970s. As the leasing of NS rolling stock had not been foreseen in the transitional contract between the Ministry of Transport and NS, Lovers Rail was confronted with a lack of suitable rolling stock for the Dutch network and decided to use secondhand old-fashioned Belgian rolling stock and diesel locomotives rented from NS Cargo. This tourist train service to the beach was operated every 2 hours with no subsidies. Lovers Rail also reopened a local station to serve a seasonal tourist train to the Keukenhof flower exhibition. The company hoped to operate express trains on the lucrative Utrecht–Amsterdam–The Hague–Rotterdam route but lack of track capacity under the existing NS timetable only allowed permission to operate on a few stretches of this route. However, this led to 'on the tracks' competition over the Amsterdam–Haarlem section (19-km long and 17-minute journey) where Lovers Rail added two services each hour to the six services each hour operated by NS Reizigers. Unlike NS Reizigers, Lovers Rail did not operate evening services nor on Sundays. In mid-1997, the company was taken over by the French operator CGEA, part of the international Vivendi Group and fully refurbished 'Optio' (option to choose) secondhand Belgian carriages were added to the Lovers Rail services. Compared to NS Reizigers, Lovers Rail provided a number of interesting and surprising innovations for such short-distance services. The trains provided reserved seats and rental bicycles for seasonal pass holders as well as a number of unusual on-board services, including local TV news, bicycle racks, shoeshine machines, beer and coffee bars with standing area rather than the usual 1st and 2nd class, penalty-free onboard ticket sales and through ticketing with the Amsterdam municipal transport company (GVBA). However, NS Reizigers rejected the idea of 'on the tracks' competition and refused to integrate its ticketing with that of Lovers Rail so local passengers had to choose between NS tickets that could be used for six trains each hour and similarly priced tickets for Lovers Rail that could be used for only two trains each hour. Furthermore, most passengers on the short Amsterdam–Haarlem stretch had some form of NS discount ticket or were making a larger journey. As a result, passengers were most likely to use NS Reizigers; Lovers Rail attracted few passengers and its services were withdrawn in early 1999. The company never started operations on the other lines for which it had been granted rights.

Meanwhile, a new coalition government had come into power and growing discontent in parliament with the 'Lovers Experiment' resulted in a change of policy whereby further 'on the tracks' competition was banned while the Ministry of Transport developed its railway policy.

Direct 'on the tracks' competition was an

Dutch Railway Network



(Adapted from NS Reizigers map)

interesting but poorly prepared experiment. While it is questionable whether such direct competition would have appeared had there been infrastructure charges as in Germany or Switzerland, the experiment showed the difficulty of successfully organizing competition in a densely used network based on regular and frequent connecting train services. A number of regulatory measures, such as compulsory integrated ticketing and some form of integrated information, would have facilitated competition. In this respect, the Ministry of Transport could have benefited from adopting the British regulatory framework where ticket and information integration are intrinsic parts of both connecting franchises and competing franchises using the same or parallel routes. But this would have required changes to the Passenger Transport Law and to the relationship with NS, which were politically and practically impossible in the available time.

High-speed lines

The coming Amsterdam–Rotterdam–Brussels high-speed line is to be connected to the existing Brussels–Paris line in 2005. The Ministry of Transport has started an international consultation and tendering procedure split into an international services package and a national 'shuttle' package for operation of the Dutch part of the line. NS Reizigers was granted the right to bid first for an integrated high-speed/intercity network and this bid was evaluated by a 'committee of wise men' in November 1999 based on pre-established criteria and conditions. To the disappointment of NS, its bid was rejected on various grounds and the committee eventually decided to proceed with international competitive tendering by pre-selected potential operators, including NS. Further developments are expected during 2000 and we may well see 'on the tracks' competition reappear as a result of competition between the old intercity line and one or two operators on the new high-speed line. However, this is politically controversial as long as the other countries (France and Belgium) along the high-speed line keep their markets for passenger transport services closed.

Freight services

Freight operations in the Netherlands have also seen the appearance of competition. Contrary to the passenger transport sector, competition on the tracks is widely accepted for the freight transport sector. The main operator is still NS Cargo, now called Railion Benelux since its merger with DB Cargo, but a few new private competitors (such as ACTS and Short Lines) have started appearing with the operation of national and international shuttle trains.

2000 Railway Reforms

The long-awaited policy document on competition and development of the railway sector (Ministerie van Verkeer en Waterstaat[2]) was published in 1999 by the new labour Minister of Transport. If approved by parliament, this new policy will see a break with some intentions of the former liberal Minister. While the Lovers Rail experiment was possible and 'British style' franchising was envisaged for all or parts of the national network, the new Minister now believes that franchising could not have been started by 2000 and that it would be better to let the existing main-line network find its equilibrium without competition, while transferring the responsibility for the local lines to regional transport authorities (Provinces) and asking them to introduce competitive tendering for the operations of those lines. The policy plans to evaluate the results after a few years before deciding on further steps. The aim is to achieve a balance between the need for regulation and the need to stimulate competition between passenger operators, while maintaining coordinated services across the network.

NS performance contract

New legislation by January 2001 will grant NS Reizigers a 10-year concession to operate the whole main-line network (intercity, express and local trains on main lines). However, this concession will be subject to performance obligations with financial incentives related to the growth of peak-hour passengers and improved punctuality. Furthermore, there will also be conditions related to minimum service levels, fare increases, integrated ticketing, and barrier-free access for people with impaired mobility. This will give operators the maximum management freedom while allowing the Ministry to set clearer targets for socially necessary services than was the case until now. The contract conditions will be reviewed at the 2005 opening of the high-speed line, and there are some ideas about using international benchmarking indicators before then. The policy document puts forward plans to conduct an evaluation by 2008 to enable choices to be made on the future of railway competition policy after 2010. While still on the agenda, the NS privatization (which is seen as the logical conclusion of the reform process by the policy document) has been faced with recent political opposition due to some perceived negative effects of privatization in other sectors of the Dutch economy.

The challenge for the Ministry of Transport is to formulate an NS performance contract that provides good business incentives. Compared to NS, the Ministry of Transport faces an information handicap on what realistic performance aims could be. While competitive tendering (railway franchising) was used in Britain to solve this problem, this has been rejected in the Netherlands for the national network.

Tendering for regional lines

The new policy aims at a gradual, controlled, and flexible handover of train services on local railway lines to regional transport authorities. It will involve a gradual transition from negotiated contracts to competitive tendering by provincial governments, with subsidies based on the same principles as applied to local bus services. Similar steps are envisaged for suburban train services as soon as infrastructure permits separation of these services from long-distance services provided by NS.

The reform of local train services will very much depend on the vision of the regional transport authorities. In some sense, this is a paradox because one of the aims of the reforms was to reduce the paralyzing effect of state interference in the railway sector.

As the British railway franchising shows, properly conducted tendering could lead to innovation, but this requires clever transport authorities; Britain established the Office of Passenger Rail Franchising (OPRAF) to fulfil this task. It remains to be seen whether the numerous new regional transport authorities in the Netherlands (and in several other European countries for that matter) will be up to the task. A positive aspect of the number and relative freedom of choice of contractual relations with operators is that the resulting variety could provide fertile ground for information exchange. However, the first example in the province of Groningen is not encouraging, because the call-for-tender specified almost everything, including the timetable!

Separation of institutions

The new policy plans to achieve full separation of institutions by relocating the three 'task organizations' outside NS, which will require establishment of adequate rules of control. This was also urged by the 1999 report of the National Audit Office[3], which was accepted both by the Ministry and NS. It concluded that the Ministry had failed in its supervisory and steering role for 'task organizations' by not adequately specifying the tasks to be fulfilled and by not implementing incentive-producing payment schemes. In addition, although a number of contractually permitted direct interventions by the NS board actually led to improved efficiency, in some cases these interventions also led to situations where the independence of the 'task organizations' could not be guaranteed and where adequate corrective action by the Ministry was overdue. These criticisms illustrate the importance and difficulty experienced by the Ministry in adapting to its new supervisory and steering role. There is still a long way to go and the positive and negative sides of the British experience should serve as good examples.

In line with the European rules requiring charges for use of infrastructure, the new policy will gradually introduce charges totalling up to NLG400 million, composed of NLG250 million spread across the trunk network, NLG100 million for the local services, and up to NLG50 million for freight transport. As the first step, the charges system will be kept as simple as possible (based on train-km and track-km with some differentiation by tonnage). Unfortunately, there are no short-term plans for financial incentives between transport operators, infrastructure managers and maintenance management companies.

Dutch and European Railway Reforms Compared to Japan

Infrastructure separation and development incentives

One principal difference between railways in Europe and Japan is the separation of infrastructure and operations as established by European Directive 91/440. Basically, the separation can take three different forms (accounting, organizational, or institutional) and each country has devised its own implementation according to investment in infrastructure, maintenance procedures, capacity allocation, track usage charges, etc. As far as infrastructure charges are concerned, broadly speaking, there are three general approaches: a short-term marginal cost approach (Scandinavia), an adjusted average cost approach (Germany, Austria, France) aimed at raising a target amount of revenue, and a full cost recovery approach with some negotiated charges (Britain)[4].

European Directive 91/440 requiring separation of infrastructure and operations finds its origins more in the desire to enhance the competitiveness of international rail freight compared to road freight rather than in a desire to introduce competition in the passenger sector. One question is whether this separation, despite how positive it may be in terms of the fresh breeze currently blowing through the ossified structures of old state railway companies, is hampering other desirable developments in the railway sector that did not appear under the old system because of lack of incentives.

One example is the development of an integrated vision of passenger transport and real estate development as seen in Japan where railway operators call themselves 'lifestyle developers'. The European separation of infrastructure and operations makes this approach virtually impossible because the transport operators are increasingly subject to temporary operations rights, which from the real-estate viewpoint may be seen as short term. From this perspective, beneficial real estate development is only possible by parties with the longest perspective, meaning either the transport authority itself or the infrastructure owner or manager. In most cases, this is still a state-owned company, if not a state agency. Such arrangements are unlikely to see the kind of real estate development long-witnessed in private Japanese railways and for 13 years in the JR Group. Land planning policies in many European countries, including the Netherlands, stress the structural effect of railways and the desirability of integrating services with new urban developments. However, the reality is often different—rail links are frequently built at great public expense after the real estate development, ignoring the possibilities for private or public-private partnerships. The lack of value-capture possibilities leads to subsequent real estate developments getting a free ride on rail developments paid for by the public purse.

Even worse, the lack of incentives for a pro-active attitude by both train operators and infrastructure managers in Europe leads to development (such as offices, recreational parks, sporting facilities, etc.) at locations that are inaccessible by railway. Consequently, commercial opportunities for railway operators are lost and, simultaneously, the achievement of the political aims of car traffic reduction and rail promotion becomes even more remote. There are some European examples suggesting the feasibility of such developments, such as the new rail link in the Ørestad area of Copenhagen and the call for new ideas, public–private partnerships and integrated developments in the tenders for the high-speed lines and dedicated freight link in the Netherlands. But more should be possible, especially in the European (sub)urban context.

A further consequence of infrastructure separation is the necessity for a capacity allocation agency to strike a balance between the sometimes incompatible demands of infrastructure users. This would cause limited or few difficulties in low-density networks but when, as in the Netherlands, the prime aim of the reforms is to reduce or avoid state intervention in decisions pertaining to service design by operators, separation could result in intervention reappearing through the backdoor. From the medium-to-long-term perspective, it is the issue of the dynamics of small, punctual, short-term investments which is at stake here. The question is whether infrastructure charges and regulation can be designed to provide sufficient incentives to infrastructure managers to tailor existing railway infrastructure to specific user needs, taking integral costs of production into account. This is especially relevant when frequent express and local train services share the same infrastructure, as is common in Japan and to a lesser extent in the Netherlands. Separation can easily lead to inadequate investment incentives and lengthy bureaucratic procedures with over-investment paid for by the taxpayer, while simpler punctual shorter-term investments would be more economical from an integral (infrastructure and operations) perspective. On one hand, there is much to be learned from Japanese railways in terms of optimization of track infrastructure and timetable concepts. On the other hand, the positive and negative experiences of Railtrack in Britain will show whether negotiated infrastructure charges can solve this question satisfactorily in a high-density context.

Competition and scope for entrepreneurial behaviour

The highly regulated situation in which many operators had to function plus the lack of clear goals resulting from public ownership and changing political control can be cited as reasons for the passive or conservative behaviour of many railways in the past. Growing railway debts (which were not a problem in the Netherlands) and the growing discontent of the transport authorities with the railways' market share triggered reforms to stimulate efficiency and innovation in many countries. Yet these reforms vary considerably in terms of the entrepreneurial freedom given to new operators behind a façade of similar competition, privatization and deregulation.

There seem to be three levels of freedom. The freedom to implement measures to increase the efficiency of existing services is the lowest, operational, level. It may deliver savings that can be used to develop or enhance other services, but it will not be the key to a railway's success in itself. The freedom to develop measures to attract more passengers to existing facilities by changing services can be defined as an intermediate or tactical level. Examples might be measures related to marketing or service design. Attempts to increase ridership structurally by shifting the demand curve are the highest or strategic level of freedom. Measures to stimulate the development of railway-using communities through real-estate development are examples of this level.

Three national examples illustrate the above approaches[5]. The tendering of railway lines practised in Sweden and recently in some provinces of the Netherlands illustrates the lowest possible level of freedom for private entrepreneurs. The focus is on cost-cutting within given limits and all strategic and tactical choices related to development of railway ridership remain on the authorities' side. The British railway franchising and to a large extent the NoordNed and Syntus concessions in the Netherlands add tactical service redesign freedoms, albeit within strict limits. The new approach of the British Strategic Rail Authority (to replace OPRAF) shows signs of giving even more initiative to operators. But only Japanese railways combine all three levels of freedom with their ability not only to manage productive efficiency and to design new services but also to influence future rail ridership through real-estate development.

Yet, from a modern European economic policy point-of-view, the absence of direct competitive threat (e.g. tendering) to Japanese railway companies may be seen as an unacceptable price to pay for the uncertain long-term gains of 'lifestyle development'. However, it is a misconception to believe that Japanese railways are not subject to competition, even with their apparently eternal operation rights on their own tracks. In addition to the obvious inter-modal competition, Japanese railways are submitted to yardstick competition by the government and also to various other competitive incentives related to private ownership, to the existence of parallel lines, and to their diversified business activities[6].

The success of many activities linked to the success of the railway leads to an interesting self-regulatory cocktail. This cocktail of competitive pressures deserves more attention in the Netherlands and internationally. It could form a useful complement to the rather one-sided focus on competition by tendering currently observed in Europe. While competitive tendering is useful in stimulating efficiency and the appearance of new competitors, it creates the risk of a paralyzing effect through over-specification of contracts by risk-averse authorities. Tendering also bears the risk of betting only on one horse, while the Japanese cocktail of perhaps individually weaker competitive pressures may end up being stronger through its combination of incentives.

Potential for company international exchanges

The potential for international exchanges between Japan and Europe is certainly not limited to regulatory aspects. The fascination of NS management for the achievements of Japanese railways dates back to a 1997 study trip to Japan illustrating that Japanese railway companies substantially outperform NS (in punctuality, ridership, profitability, etc.) even though NS is regarded internally and externally as one of the most efficient and heavily used railways in Europe. The subsequent cooperation between JR Kyushu and NS currently includes various activities aimed at learning from each other's strengths. Other information exchanges have also been organized (see article by Donald Hatch on pp. 18–25) and these will lead to a useful benchmarking exercise. In the meantime, the Japanese example of operational excellence has already been a powerful stimulus to the development of the current 'Destination: Customer!' reform programme of NS Reizigers. This programme, which started in 1999 and lasts until 2010, aims to increase ridership by 50% while improving service and punctuality.

But NS is not the only railway company to cooperate with a Japanese railway company. The cooperation starting in 1990 between Danish State Railways (DSB) and JR Hokkaido resulted in a joint project to design two main stations on Hokkaido. More recently, DSB became interested in Japanese punctuality performance. DBAG, SNCF, and Italian Railways (FS) all have cooperative projects with JR East, the largest Japanese railway company. The topics range from high-speed technology to fare policies and infrastructure maintenance management. The traditional focus of railway managers is on technical aspects in which Japan has played a leading role since Japanese National Railways' 1964- opening of the shinkansen. But the commercial side of railways (marketing, sales, and service) and the largely unexplored area of Japanese management practices (continuous improvement, quality management, and just-in-time delivery) should not be forgotten. Spanish National Railways (RENFE) was already strongly influenced by these practices as early as 1988 and has benefited from the results in the meantime. Not surprisingly, the idea was presented to them by a Japanese consultant.

While several railway companies have discovered the remarkable performance of the Japanese railways, the language and cultural barriers between Europe and Japan have hampered information exchange. The challenge is to pay due attention to the differences in each other's societies and corporate cultures in order to be able to understand not only the questions, but also the context and reasons for the questions. ■

Notes:

1. Commissie Wijffels (1992), *Sporen voor Straks*, Den Haag.
2. Ministerie van Verkeer en Waterstaat (1999), *De Derde Eeuw Spoor*, 2de Kamer, stuk 26 464, nr. 1, 23 juni 1999.
3. Algemene Rekenkamer (1999), *Toezicht op het Spoor*, 2de Kamer, stuk 26 615, nr. 2.
4. NERA, Nomisma, VTI, IVE, ENPC & BPM, (1998), An examination of rail infrastructure charges, Final report for the European Commission – DG VII, NERA, London.
5. Van de Velde, D. M., F. Mizutani, J. Preston and S. Hultén (1998), 'Railway Reform and Entrepreneurship: A Tale of Three Countries', *Proceedings of the European Transport Conference* (PTRC), Loughborough (UK), 14–18 September 1998, Vol. P426, p. 1–13.
6. Mizutani, F. (1999), 'Japan', in van de Velde, D. M. (ed.), *Changing Trains*, Ashgate, Aldershot.

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Editor's Desk

400 Years of Dutch–Japanese Friendship

In 1598, a Rotterdam trading firm dispatched five vessels bound for the Far East. One, *De Liefde*, successfully navigated the Magellan Strait to enter the Pacific Ocean. She was disabled in a storm and drifted ashore in Usuki Bay in Bungo Province (now Oita Prefecture) on 29 April 1600. Only 24 of the original crew of 110 survived. They included the captain Jacob Quaeckernaeck, the English pilot William Adams, and the second mate Jan Joosten Van Lodenstijn. Ieyasu Tokugawa, who soon became the founder of the Tokugawa Shogunate dynasty, received them at Osaka Castle. Joosten became Ieyasu's advisor for foreign and military affairs, and promoted Japan's trade with the Netherlands and England, soon overthrowing the dominance of Portugal and Spain. Joosten was given a residence in the capital of Edo (now Tokyo), and today's Yaesu in central Tokyo (near Tokyo Station) is said to be a corruption of his name. In 1623, he drowned in the South China Sea when his ship sank on returning to Japan from a trade mission to Batavia (now Jakarta).

His shipmate William Adams also became Ieyasu's advisor, and James Clavell's famous novel *Shogun* was inspired by his adventures.

In the late 1630s, Ieyasu's grandson Iemitsu Tokugawa ordered the closure of Japan to foreigners, but the Netherlands and China remained trading partners with Japan throughout the isolation period until the mid-19th century.

The *De Liefde* stern carried a wooden statue of the respected Renaissance thinker and writer Desiderius Erasmus (1466–1536). This statue is preserved in a Buddhist temple in Sano City (in Tochigi Prefecture, 75 km north of Tokyo) as one of the nation's important cultural properties. ■

T. Suga

To celebrate the anniversary on 19 April 2000 of 400 years of Dutch–Japanese friendship, Dutch Crown Prince Alexander and Japanese Crown Prince Naruhito visited Usuki Port in Oita Prefecture where they were welcomed by Oita Governor Hiramatsu and a band from a local school.
(Photos: Oita Prefecture)