

JR Kyushu's International Connections

Yoshiteru Choami

Introduction

JR Kyushu was one of the six regional passenger companies formed when Japanese National Railways (JNR) was privatized in 1987. Right from the start, JR Kyushu has been guided by two policies—'Put the customer first', and 'Maintain close local ties'. These two policies also guide our relations with other railways worldwide.

Kyushu is one of the four main islands forming the Japanese archipelago and is very close to South Korea and China. The largest city in Kyushu is Fukuoka City (1.3 million population). It is about 200 km from Hiroshima, a similar distance from Pusan, the South Korean port with a population of 4 million. It is also about 1000 km from Tokyo, a similar distance from Seoul in South Korea, Pyongyang in North Korea, and Dalian, Qingdao and Shanghai in China.

As a result of its proximity to mainland Asia, Kyushu has always had close historical links with Asia, especially Korea and China. The Chinese *Gishi Wajin-den* (the section introducing Japan in the chronicle of the Wei dynasty) text from around A.D. 280 describes cultural, political and trade links over 2000 years ago between Kyushu and China. The Chinese *Gokanjo* (the chronicle of the Later Han dynasty) dating from around A.D. 400 records the gift of a gold seal in A.D. 57 from the Chinese emperor to the king of Na in Japan. A gold seal excavated in Shikanoshima in the suburbs of Fukuoka is believed to be this same seal. Kyushu's geographical and human links with Asia have become more evident recently as a result of strengthening of international economic ties. During 1997, about 344,000 people from Asia, 85% of all foreigners, entered ports in Kyushu. The statistics also show that approximately 609,000 people departed for Asia, representing 55% of all departures to

foreign countries through Kyushu ports. This trend is generally rising each year¹. Kyushu's 1997 exports to Asia were valued at about ¥2 trillion, representing about half the island's total exports. Imports from Asian countries were valued at about ¥1.4 trillion, representing 43% of the island's total imports. This Asian emphasis had been growing annually² but the currency crisis that hit some Asian countries in 1997 caused a severe drop in Kyushu's exports to Asia, and in the number of people landing in Kyushu from Asia. The crisis damaged Kyushu's economy too and there are still some repercussions. However, the rapid recovery of the Asian economy since last year has seen the number of people from Asia landing in Kyushu return to previous levels and exports to Asia have enjoyed a similar upturn.

Clearly, Kyushu's economy is closely linked to Asia and beyond. The Kyushu Development Promotion Plan forms one component of Japan's Comprehensive National Development Plan adopted last year by the Japanese government. The former plan is based on the assumption that Kyushu is a distinct region ready to develop in tandem with Asia.

The end of the Cold War and the rise of economic globalization have spurred two new trends: international deregulation (that promotes adoption of global standards), and development of new information technologies (IT). Deregulation and IT are transforming economic structures and world trade, and are promoting a global market. Japanese corporations must now take world market forces into consideration when making cost-price decisions, and must compete on a level field with companies worldwide.

There is a growing movement to form international corporate alliances, and these alliances often involve capital tie-ups and joint operations. Free trade has forced companies to compete with

imported goods and materials. Even a company that produces and sells only within its domestic market must consider the 'international price' before deciding how much it can charge for its products. Corporations worldwide have entered uncharted waters where success is no longer assured just because one company is more competitive than other companies in the same country.

The transport industry is no exception. Carriers, especially airlines flying on international routes, face severe competition and are restructuring in order to survive. With gradual deregulation of Japanese domestic routes, a number of new airlines have entered the market and price wars are occurring even between well-established companies. Newcomer Skymark Airlines charges only ¥13,700 for a one-way ticket on the Tokyo-Fukuoka route, half the normal fare of other airlines. Lower air fares have reduced passenger numbers on the Tokaido and San'yo shinkansen from Hakata (Fukuoka) to Tokyo, and on conventional lines linked to shinkansen lines as well. Express bus services from Fukuoka to Tokyo have suffered, because the one-way fare of ¥15,000 is no longer attractive.

Today, airlines, railways and express buses set fares in a way that flies in the face of earlier common sense. Even railway companies, whose business field is naturally domestic, have been forced to deal with the indirect threat of international competition on long-distance hauls. Railways now find it necessary to cultivate ties with important companies abroad, hoping to develop other transportation-related fields. The JR Group, to which JR Kyushu belongs, cannot ignore international economic forces.

JR Kyushu established its first overseas relationship in 1987, when Hakata Station formed friendship ties with Pusan Station in South Korea and the Korea-Japan Joint Ticket was first issued in 1988. Another

JR Kyushu international venture began in 1991 with a high-speed ferry between Hakata and Pusan. Then, in 1996, JR Kyushu signed agreements with the Dalian Railway Co., Ltd. (formerly Dalian Railway Sub-administration, branch of Shenyang Railway Administration), and with the Shanghai Railway Administration.

Asia is a major theme in JR Kyushu's promotion of tourism and product development—the company advertises itself under the slogan, 'We're strong on Asia'. However, the company also cultivates ties with Europe. As described in the other article by Mr Donald Hatch on pp. 18–25, Kyushu and the Netherlands have comparable areas, populations and GDP. It was thus entirely appropriate that JR Kyushu and NS Reizigers (Dutch passenger railways) signed a cooperative agreement in 1997.

The Netherlands has some of the world's largest and most competitive seaports, airports, banks and corporations. The Dutch are aware of their strengths as a maritime nation. They are also aware of global trends and are always ready to develop new strengths and meet new challenges. Unlike the Netherlands, Kyushu is not an independent country, and it is situated in an entirely different geographic region on the opposite side of the Eurasian continent. Still, JR Kyushu believes that its links with NS Reizigers will further enhance mutual railway business performance. We also believe that a greater awareness of lifestyles in the Netherlands will provide opportunities to help stimulate Kyushu's economy.

Currently, JR Kyushu has exchanges with more than 10 railway companies worldwide (Korea, China, the Netherlands, India, Georgia, Zambia, Malaysia, the Philippines, Indonesia, Lithuania, Poland, and Bulgaria) through either independent projects or participation in international projects of foreign aid organizations such as the Japan

International Cooperation Agency (JICA). Technical cooperation and trainee programmes are two aspects of these exchanges because personnel exchanges are an essential part of globalization and expanding exchanges will increase mutual understanding, thereby strengthening economic ties. JR Kyushu intends to continue promoting international communications in the hope that this will further open up Kyushu to Asia and the rest of the world.

JR Kyushu's Close Relationship with Korean National Railroad

JR Kyushu and Korean National Railroad (KNR) began a relationship in October 1987, when Hakata Station formed friendship ties with Pusan Station. Although the two companies are in different countries separated by the 230-km Korea Strait (Tsushima Kaikyo), their field of operations are close, and JR Kyushu is convinced that it can boost ridership and help revitalize the local economy by fostering contacts with people from a wider area, rather than

relying only on domestic travellers.

As described earlier, Kyushu and the Korean Peninsula have had contacts for more than 1500 years. However, the long centuries of contact were sometimes marked by discord, and this gave rise to the saying that Japan and the Korean Peninsula are close geographically, but far apart in spirit. But relations with South Korea have improved rapidly in the last few years and now is an opportune time for JR Kyushu to cultivate ties with KNR—ties that will hopefully spur other efforts to deepen relations between the two countries.

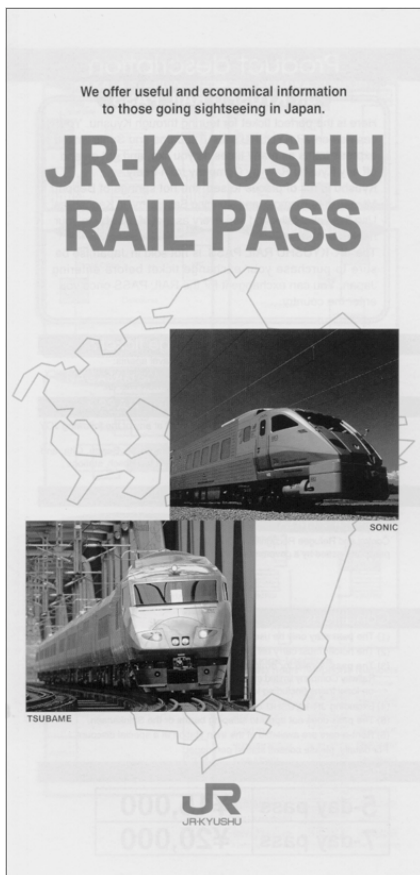
Jetfoil services between Hakata and Pusan

JR Kyushu and KNR agreed that a convenient ferry connection linking their rail networks would boost the number of tourists visiting both countries. This common understanding led to the 1989 signing of an agreement on high-speed ferry operations and consultations were held to examine marine transport issues. Fast passenger jetfoil services linking Hakata and Pusan in 2 hours and 55 minutes were started in March 1991. It



Beetle II jetfoil running between Hakata and Pusan

(JR Kyushu)



Cover of pamphlet introducing the JR-Kyushu Rail Pass (JR Kyushu)

was not all smooth sailing—ferry navigation can be difficult across this strait and various measures were needed to attract people to the service, explaining why the first few years of operations were not easy.

However, to boost attendance at the 1993 Daejeon Expo in South Korea, the South Korean government lifted its requirement that Japanese tourists obtain an entry visa in advance and began encouraging Japanese people to visit South Korea. Korea's various activities to attract Japanese tourists and improve services helped maintain high ridership (Figure 1). The jetfoil services between Fukuoka/Shimonoseki and Pusan have enjoyed top share in terms of total passengers and passenger-to-capacity ratios. In May

1998, a second vessel was added between Hakata and Pusan.

The 2002 World Cup soccer championship (to be held jointly in Japan and South Korea) offers JR Kyushu and KNR the chance for closer collaboration, with a view to increasing capacity and improving ferry services. This should encourage more tourists to visit Kyushu and South Korea.

Joint promotion efforts by JR Kyushu and KNR

Even before the joint JR Kyushu-KNR jetfoil service began, the two companies had already started a number of other joint projects aimed at increasing ridership on each other's railways. The fruit of one project was the Korea-Japan Joint Ticket, launched in 1988 by the JR Group, including JR Kyushu.

In 1993, JR Kyushu began selling its Kyushu Rail Pass in South Korea, allowing use of the jetfoil services and rail travel within Kyushu. The JR-Kyushu Rail Pass was launched in 1998 to satisfy demand from travellers coming by air from South Korea.

To serve Japanese living in South Korea, JR Kyushu has also introduced a seat reservation system in Seoul. For its part, KNR began selling excursion tickets for its rail services with hotel benefits to non-Koreans. JR Kyushu is the agent for these ticket sales in Japan. We hope to continue collaborating with KNR with a view to developing other convenient products.

Sharing management-related information and technical expertise

The South Korean government is seriously considering privatizing KNR in 2000 and there is much that could be learned from Japan's privatization of JNR in 1987. JR Kyushu is always willing to provide information on various issues, from organizational structure to the pursuit of business opportunities outside the rail

sector. Since 1990, some employees have been posted temporarily to Seoul for liaison and information exchange with KNR. Executives from both companies visit each other's offices to exchange opinions.

JR Kyushu also provides technical expertise needed to improve operations. For example, we have sent engineers to South Korea to demonstrate rail welding techniques, a technology at which the company excels.

Other efforts to raise tourism

JR Kyushu is also improving its products for tourists to South Korea and arranges tours of more people to South Korea than any other agency in Kyushu. Some tours take history as their theme with the intention of fostering greater mutual understanding. In cooperation with the Korea National Tourism Organization, last year, we began selling very popular tours to the sites of the Bunroku (1592) and Keicho (1597) military campaigns.

Another package, called 'Journey to Paekche', offers travel in coordination with KNR to the area that was once the



Cover of pamphlet introducing tours to sites of Bunroku and Keicho military campaigns (JR Kyushu)

ancient Korean state of Paekche. Such tours are boosting the number of Japanese rail passengers in South Korea, at a time when Japanese tourist volumes to that country are still low.

KNR's desire to attract Japanese tourists is amply demonstrated by the fact that KNR has started Japanese-language announcements on its *Saemaul* express. Since 1996, the Japan Korea Strait Tourism Promotion Council has held meetings to promote South Korea and Kyushu as a single tourism zone; representatives from both JR Kyushu and KNR are major participants at the meetings, and both railways are continuing to promote tourism by rail.

Future prospects

We have seen how JR Kyushu and KNR are collaborating in promoting rail and ferry operations, and tourism. Our relationship has become more than just the typical form of cooperation that one would expect between railway companies. As KNR moves towards privatization, we look forward to even more collaboration in various fields. At this time, when projects of a cooperative nature are being discussed by our two countries, we feel confident that even more concrete action on our part will help revitalize the economies of both South Korea and Kyushu, and even lead to better relations between our two countries.

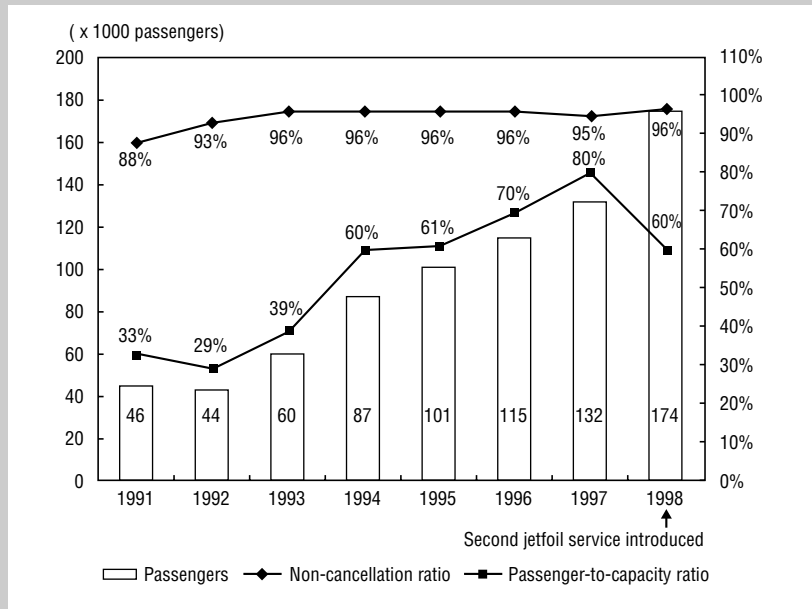
Cooperation with Chinese Railways

Kyushu-China interchange

JR Kyushu and Chinese Railways (CR) established amicable ties in 1987—the same year that JR Kyushu became a private company, and the same year that it established friendly ties with KNR.

With a cultural history of 3000 years and a population exceeding 1.2 billion, it goes without saying that the People's Republic of China is one of the world's most

Figure 1 Hakata-Pusan Jetfoil Service Statistics



Source: Data from *Kyushu Railway Company Today*, 1999 edition, published by JR Kyushu

Table 1 JR Kyushu Exchanges with Railways in China

	Contents
November 1988	Began accepting trainees
February 1989 –January 1990	Began accepting trainees from Dalian Railway, a branch of Shenyang Railway Administration * Long- and short-term trainees were accepted in subsequent years as well. (See Table 3 for trainee numbers.)
February 1992	Began marketing Joy Road's China tour products
April 1996	Railway station fellowship agreement between Kokura and Dalian stations Agreement with Dalian Railway Co., Ltd.
June 1996	Shanghai Railway Administration chief visited JR Kyushu with 5 staff members
November 1996	Friendship agreement between Hakata and Pusan stations Agreement with Shanghai Railway Administration
September 1997	Exotic Silkroad Tour
November 1997 –February 1998	Trainees from Dalian Railway Co., Ltd.
April and September 1998	Executives from Dalian Railway Co., Ltd. visited JR Kyushu
December 1999	Pendulum tilting train engineers dispatched to assist Dalian –Shenyang high-speed project

(JR Kyushu)

Table 2 Trainees from China

	Focus of training	Number of trainees
November 1988	Automatic inspection of rolling stock	4
February 1989–January 1990	Railway communications	1
December 1990	Railway technology	5
June 1991–June 1992	Railway communications	1
February 1992	Japan-China railway technical cooperation	5
October 1992	Electric power	5
June 1997	Business planning	1
October 1997–February 1998	Business planning and tourist industry	1
October 1997	Tourist industry	14
May 1999	Business planning	1

(JR Kyushu)



April 1996 signing of friendship agreement linking Kokura and Dalian stations (Mr Ishii, then President of JR Kyushu, shaking hands with Mr Wu Jing Xiang, Director of Dalian Railway Co., Ltd.) (JR Kyushu)

important countries. Its vast size and population are a huge market with tremendous tourism potential. Fukuoka, Kyushu's main city, is only a 2-hour flight to Shanghai and Dalian—much the same time as the flight from Fukuoka to Tokyo. A flight from Fukuoka to Sapporo in Hokkaido takes about 4 hours, the same time as it takes to fly from Fukuoka to Beijing. This geographical closeness explains Kyushu's close contact with China since ancient times.

Since our rail operations are so close to China, it was only natural for JR Kyushu to promote closer relations with CR with a view to fostering technical exchange and tourism.

Agreements

In the early stages, there was no signed agreement setting out the cooperation parameters. Since 1988, at the request of JICA, we have accepted long- and short-term trainees from China on an almost annual basis, offering them experience in various fields (Tables 1 and 2).

Joy Road, our travel agency handling tour operations, has been selling tours to China since 1992. However, CR was not involved directly in either of these ventures.

Against this backdrop, we began discussions in 1995 to establish ties with CR. An agreement was signed in April 1996 with Dalian Railway Co., Ltd. (formerly the Dalian Railway Sub-administration of the former Shenyang Railway Administration). A similar agreement was signed with the Shanghai Railway Administration in November of the same year. Railway station friendship agreements were signed between Kokura Station in Kyushu and Dalian Station in April 1996, while Hakata Station teamed up with Shanghai Station in November of the same year. This was the beginning of exchanges between each pair of stations, and these exchanges have spurred further exchange between the larger organizations.

Exchanges with Dalian Railway Co. Ltd., and Shanghai Railway Administration

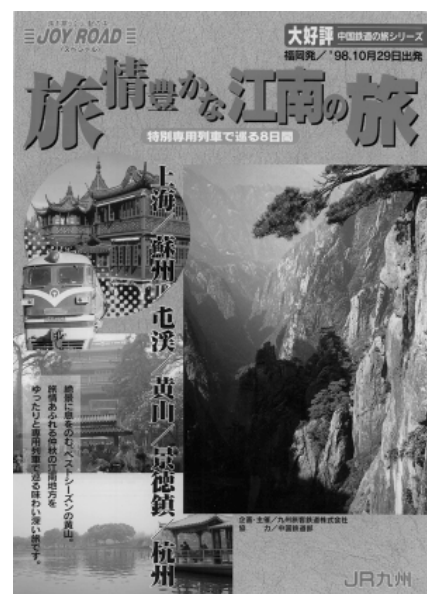
Our affiliation with Dalian Railway Co., Ltd. and the Shanghai Railway Administration has resulted in:

- Dispatch and acceptance of trainees
- Cooperation in development and operation of tours



Cover of pamphlet introducing the Exotic Silkroad Tour (JR Kyushu)

• Procurement of railway materials
The first concrete result of our 1996 agreement with Dalian Railway Co., Ltd. was a 4-month training programme in business planning and tourism promotion for an executive from Dalian. Before this programme, Dalian Railway's tourist bureau handled only domestic travel and could not easily respond to the needs of foreign tourists. The programme provided training in development of tour products that will appeal to international tourists. After completing her training, she returned to China and now acts as a liaison for JR Kyushu, primarily in the Dalian region. One interesting product we developed in conjunction with CR is the Exotic Silkroad Tour on a special Chinese train that departs from Beijing on an 8-day, 3744-km journey to its final destination at Urumqi. The exotic charm of the tour explains its great popularity. Following the success of this tour, we organized and marketed a series of Chinese tours on special trains. In collaboration with Dalian Railway Co., Ltd., we developed Nostalgic Cities tours to Dalian, Changchun, Shenyang and other locales. In addition, in collaboration with the



Cover of pamphlet introducing Journeys South of Yangtze River Tour (JR Kyushu)

Shanghai Railway Administration, we developed Journeys South of the Yangtze River tours to Shanghai, Suzhou, Nanjing, and other cities. These unique tours have been very popular and have gone smoothly because of our amicable relationships with railways in China.

In addition to tour products we developed with CR, we are also organizing and marketing tours to destinations little known by most Japanese. As one example, our Eight-day Tour of Shangri-La, brings tourists in contact with world-famous natural wonders. It received the Special Prize for Destination Promotion, one of the 1997 Tour of the Year awards. Our conscientious efforts in China have brought us praise we are pleased to acknowledge.

Procurement projects have involved cable conduit troughs, rolling stock parts and other items. We have also dispatched rolling stock engineers to Dalian and Shenyang to assist with a project to increase train speeds after electrification of the Dalian–Harbin line. We are providing technical information on our Series 883 natural pendulum tilting trains, and are participating in studies that will determine whether a pendulum system is feasible for trains on this line.

Future potential

As I have pointed out, JR Kyushu's association with railways in China has led to training programmes, personnel exchanges, development of tour products, promotion of tourism in each other's countries, procurement of railway materials, and the transfer of railway-related technologies.

China's vastness and huge population has good tourism potential and there are a number of positive signs, such as a trend towards easing travel restrictions. This indicates a great potential for mutual, wide-ranging business opportunities. JR Kyushu hopes to expand its association with CR, especially with Dalian Railway

Table 3 Comparison of Kyushu and the Netherlands

	Kyushu	The Netherlands
Area (km ²)	42,157	41,574
Population	13,459,000 (1998)	15,520,000 (1996)
GDP (US\$ billion)	450.6 (1995)	392.4 (1996)
Car ownership	6,678,000 (1996)	5,740,000 (1996)

Sources:
 1. Statistics for Kyushu, *Nishinippon Shimbun's Data Book for Kyushu 1999*, published by the Advertising Department of The Nishinippon Shimbun.
 2. Statistics for the Netherlands, *1998 World Almanac*, published by Kyodo News Service

Co., Ltd. and the Shanghai Railway Administration, and to pursue projects that will benefit everyone.

JR Kyushu's Cooperative Agreement with NS Reizigers

This year marks the 400th anniversary of Japanese–Dutch relations after *De Liefde*, a Dutch trading vessel, was disabled and drifted ashore in northeast Kyushu. During Japan's long period of isolation through the *bakufu* shogunate period, the Netherlands was the only western country that had trade relations with Japan through Dejima Island in Nagasaki Bay.

On 18 October 1997, JR Kyushu and NS Reizigers (NSR) signed a cooperative agreement promoting consultations on railway operations and management. Both railways have similar business environments, scales of operations, and challenges. For example, they both operate under principles promoting complete privatization, and they must compete against other transport modes. It was against this background that JR Kyushu and NSR realized that friendly relations would lead to mutual development and so they signed an agreement.

Setting the highest standards

It was clear that before a cooperative relationship could promote better railway operations and management, both companies would first have to understand

each other's business situation and corporate policies. Without such an understanding, it would not be clear what goals could be achieved and what could be learned from each other. The two companies therefore began by conducting discussions and benchmarking that would help them deepen mutual understanding and determine possible areas of cooperation.

As a result, it was realized that JR Kyushu's strong suit was punctual operations while NSR was strong in marketing. In 1997, JR Kyushu's trains were an average of 36 seconds late—far lower than the 90 seconds recorded by NSR—and especially noteworthy because 1997 was a bad year for typhoons. Normally, JR Kyushu has an even better punctuality record.

The separation of operations and infrastructure in Europe resulting from EU Directive 91/440 is leading to greater competition. NSR is a major player in the European rail market, and there is no doubt that if it improves its performance and on-time operations, it will be at an advantage when bidding for operations. In the Netherlands, automobiles and motorcycles are used for 80% of all journeys, and the private car is by far the most preferred method of commuting. Therefore, NSR has decided to focus on off-peak times. Its Off-Peak Card provides users with a 40% fare discount during off-peak hours (from 0900 until the last train on weekdays, and all day on weekends and holidays). Users pay an annual fee



Signing of agreement between JR Kyushu and NS Reizigers (Mr Ishii, Chairman of the Board of JR Kyushu, exchanging mementos with Mr Den Besten, NS Chairman) (JR Kyushu)

to purchase the card but it provides access to other services as well. When the 40% discount is combined with other discounts, the card permits travel at less than half the normal fare. It is very attractive to the public and is creating new demand. Off-Peak Card purchasers are incorporated into a database used for direct mail marketing.

JR Kyushu believes it can learn much from NSR's marketing techniques, especially at a time when train ridership in Japan is declining due to the falling birth rate and aging population.

Joint study sessions

Now that the discussion stage has ended, we have decided to hold a number of joint study sessions with a view to sharing know-how and experience with the ultimate aim of improving our respective positions and operations. We have reached an unofficial agreement on how these study sessions should be organized. Each company will select an area that appears to offer great potential for them

and then appoints experts to study that area. The experts will meet their counterparts when necessary and will also exchange information by e-mail. Each joint study project will last a maximum of 1 year and a report will be presented to both parties at the end.

In September 1999, the head of NSR's Marketing Department and an expert from that company visited JR Kyushu at our invitation. Their presentation on scientific marketing methods had a big impact on all participants from our company, top management and experts alike, and we immediately realized that joint study in this field would be extremely beneficial. For its part, NSR asked us to accept some of their personnel to learn punctual operations and we are now preparing for this.

Both parties are eager to proceed with these projects because we both recognize the potential benefits. Study sessions will begin as soon as both sides have signed a memorandum of understanding.

Holland-Japan Rail Cruise

One exciting project receiving much attention in Japan and abroad is the planned Holland-Japan Rail Cruise, the first such project to be pursued jointly by JR Kyushu and NSR.

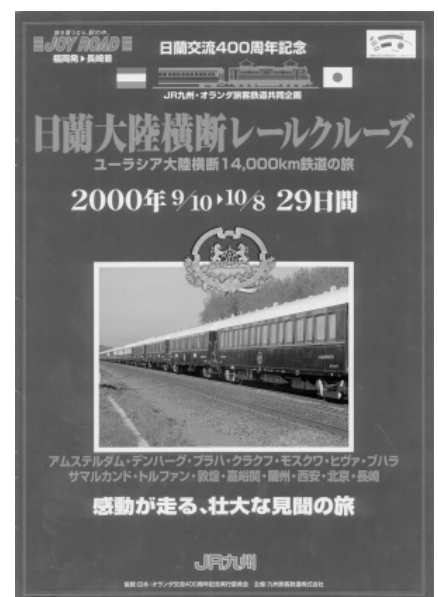
To mark the 400th anniversary of relations between Japan and the Netherlands, an exciting 14,000-km rail cruise has been organized. The number of participants is limited to 50 from Japan and 40 from the Netherlands. NSR will hold a departure ceremony in The Hague, the location of the royal palace of Huis ten Bosch, and then passengers will depart on the *Orient Express* next day. Four different luxury trains will take the passengers through 10 countries with stopovers in 15 cities or towns, including Prague, Moscow, and Samarkand. After arriving in Beijing, passengers will take a chartered flight to Nagasaki and then travel to nearby Sasebo, the location of the Huis ten Bosch

theme park, where JR Kyushu will host a welcoming ceremony as a fitting finale to this extraordinary journey.

Planning the rail cruise meant resolving a number of complex issues such as the route and trains to use. JR Kyushu and NSR pooled their resources, each taking advantage of its strong points. For example, NSR operates rail services in the Netherlands, a country that has long served as an important gateway to Europe. Consequently, NSR was well positioned to obtain essential information on rail transport in the countries of the former Soviet Union. JR Kyushu's successful experience arranging trains for the Exotic Silkroad Tours in China was also very useful in developing and marketing this rail cruise.

The westward voyage from Holland through the Magellan Straits to Japan 400 years ago by *De Liefde* is being complemented this year by the eastward rail cruise traversing the Eurasian continent from Holland to Japan, completing a global circumnavigation and cementing Dutch-Japanese friendship.

Although JR Kyushu's affiliation with NSR



Cover of pamphlet introducing Holland-Japan Rail Cruise (JR Kyushu)

is still in its infancy compared to the affiliations with KNR and CR, we will do our best to ensure that our collaboration will lead to a relationship that is beneficial to both sides for many years to come.

Future Challenges

JR Kyushu cannot ignore the many new challenges, such as internationalization, the IT revolution, deterioration of the global environment, falling birth rates, and an aging population, that are emerging as the global economy and Japan's social environment undergo tremendous changes. Like other companies, we cannot ignore international developments while planning future operations. As we tackle each challenge, we are focusing on three key areas: the environment, Japan's aging population, and the IT revolution.

• The environment

The environment is reaching a critical point but environmental problems cannot be solved without global cooperation. As one step in this direction, participants at the 1997 Convention on Climate Change (COP3) held in Kyoto agreed on targets to reduce their CO₂ emissions. For its part, Japan agreed to cut emissions to 5% below 1990 levels. Consequently, it is not surprising that attention has turned to one of the most environment-friendly transport modes—trains. To play a full role in solving these difficult problems, railway companies must share their environment-related technical expertise and knowledge worldwide. They should also wage PR campaigns promoting use of trains. But a company that only advertises itself as the sensible environmental choice will not attract many more customers. This can only be achieved by upgrading services.

• Japan's aging population

Japan's population structure is changing

rapidly; the population will peak around 2007 (when one person in four will be 65-years old or older³) and will then start declining rapidly.

Local regions often try to increase their population by attracting new industries, but this method is ineffective nowadays and local economies can only be developed through the interaction and movement of people. From this concept, it follows that JR Kyushu should take steps to increase Japanese domestic travel demand and should encourage more tourists to visit Japan.

In the last few years, personal income in Asia has risen as national economies have expanded and the resultant rise in disposable incomes has made it possible for more Asians to travel abroad. Kyushu's proximity to mainland Asia poses the question of how to attract more Asian tourists. We are already on the right track with the above-mentioned international jetfoil services between Hakata and Pusan, but if JR Kyushu and local governments do not do much more to attract foreign tourists, they will probably go elsewhere.

• IT Revolution

There is a tremendous IT revolution underway—e-mail, mobile phones, the Internet, etc., are transforming work, business and organizations into a borderless world. These new trends are attracting new energies and leading to new developments that no-one can predict. However, we do know that electronic commerce is creating a

worldwide marketplace and we can assume that future technical innovations will add impetus to this trend. JR Kyushu intends to meet the challenges of these advances.

We cannot shut our eyes to the fact that global business means intensifying competition. We must remain fully aware of international trends, and take bold decisions based on knowledge developed through affiliations with other railways both in Japan and elsewhere in the world. JR Kyushu is on the right track to becoming an international and competitive company in the 21st century. ■

Notes:

1, 2 and 3: *Nishinippon Shimbun's Data Book for Kyushu 1999*, published by *Nishinippon Shimbun*



Yoshiteru Choami

Mr Choami is JR Kyushu Senior Managing Director and Director General of Corporate Planning Department. He joined JNR in 1966 after graduating from the Faculty of Law at the University of Tokyo. He was appointed Finance Director of JR Kyushu in 1987 at JNR privatization.