Sixteen years have already passed since the JNR public corporation was reorganized into the JR companies. In June this year, all the remaining government-owned JR East shares were sold to the private sector, with the result that JR East was reorganized as a completely private firm. The road to complete privatization has been a long and rugged one with many problems that had to be solved. I am very glad that we have finally reached the destination of this road. Our next goal is to turn JR East into the world’s best railway company that will also be the most reliable company in Japan. Corporate operation has been improving every year. For example, long-term liabilities have been cut by 2,180 billion yen in fifteen years, and there has been a 66.5-percent increase in productivity. A steady improvement of profitability has been observed during this period. About 84 percent of our 101 consolidated companies (including two companies to which the equity method is applicable, as of the end of September 2002) remain in the black, and excellent business performance is being expanded in all of our department stores, hotels, restaurants and sales of merchandise. The most important factor supporting the smooth development of these business operations is the development of the technologies centered on railways. A particularly big effect is provided by the technologies for improvement of safety and reduction of maintenance work. The number of railway accidents has decreased about 68 percent from the level immediately after reorganization of the JNR. Especially accidents at crossings, which have the most serious effect on high-speed railways, have shown a decrease of about 77 percent. The annual average delay time per train is 0.7 minute for conventional lines, and 0.4 minute for the Shinkansen. In fiscal 2005 when the mid-term business operation concept “New Frontier 21” of the JR East Group is to be realized, the maintenance cost will be reduced about 15 percent from the current level.

Further, we are committed to carrying out technological reforms in an effort to accomplish the change to what a new railway should be. This commitment is typically exemplified by speed increases. Our maximum speed target is 160 kilometers per hour for conventional lines, and 360 kilometers per hour for the Shinkansen. Non-contact “SUICA” IC cards have been used by about 4.85 million passengers for automatic checking at ticket gates. The SUICA cards are expected to be used throughout Japan. A distribution revolution will be created by addition of the conventional credit card to its built-in stored fare functions. To
meet the ever-diversifying customer requirements, we are studying a new railway system "estain" using information technologies. Progress of the railways depends on advances in technologies. At the time when the former Japanese National Railways was reorganized, we considered that technological progress could be maintained if use of the Railway Technical Research Institute was shared among the JR-related companies. With the lapse of time following the establishment of JR, however, we found that this way of thinking was incorrect.

There is no denying the fact that achievements in basic research are indispensable to the progress of railways. However, the major part of railway technology is found in the incessant improvements being made in answer to needs arising from daily tasks. Specifically, railway technologies are largely characterized by improvement engineering or integrated engineering.

In 2001, we founded Research and Development Center of JR East Group in Omiya. This Center comprises four research divisions in charge of different missions. Generally, a research center is organized in a pyramid-type hierarchical structure, and it tends to become more and more bureaucratic as time goes by and is eventually reduced to a mere skeleton with the procession of time. To avoid this, the Center is defined as a collective body of researchers in charge of different missions, and a new concept was created. One is the "Safety Research Laboratory" and the second is the "Technical Center". These two organizations are extensions of the organizations that have been active so far. Especially, the Technical Center is committed to reducing costs by improving maintenance procedures and to solving the problems at the worksite. It plays the role of a central technology resource.

Two new organizations were established. They are "Frontier Service Development Laboratory" and "Advanced Railway System Development Center". The Frontier Service Development Laboratory is in charge of the mission of providing innovative services in general, as well as making special requests from the standpoint of services. The Advanced Railway System Development Center is committed to realizing a dream of creating a future railway by resolutely tackling state-of-the-art technologies, as the name implies.

Railway companies in countries around the world are now actively engaged in exchanging information, centering on the UIC (International Union of Railways), and are launching joint technology development projects. At the general meeting of the UIC held in the fall of last year, I insisted that the 21st century would be a century of railways from the viewpoint of "energy, environment, high speed, mass transportation and safety."

Realization of this statement will entirely depend on how effectively the new research system can be utilized. With a view toward these achievements, I look forward to your continued support and cooperation.