

Japan Chamber of Commerce and Industry: Nissho

By Yasuo Inoue

The Japan Chamber of Commerce and Industry (Nissho) boasts the biggest organization and longest history of all the economic organizations in Japan.

It was inaugurated in its present form in June 1922 as the National Federation of Chambers of Commerce through the consensus of all the local chambers of commerce in the country. However, its roots actually go back to the Tokyo Chamber of Commercial Law which was established in 1878.

Today there are 481 chambers of commerce and industry in Japan. Their combined membership exceeds 1.2 million (commercial and industrial establishments with 20 or more employees), and their secretariat staffs total 11,000. Their combined annual expenditures reach ¥100 billion (about \$400 million).

The Japan Chamber of Commerce and Industry has striking characteristics not found in other economic organizations. It is a special incorporation established under the Chamber of Commerce and Industry Law promulgated in 1953. Though operating on a membership basis, the Chamber possesses the characteristics of a "public" institution in that it aims to improve the status and conditions not only of its members but of all operators of commercial and industrial enterprises, and to advance the welfare of society as a whole. Moreover, it has a "regional profile" in that it is based in a specific region, a "comprehensive character" in that it includes commercial and industrial enterprises differing in scale and field of business, and an "international character" in that it values worldwide coordination and collaboration.

Nissho's objectives as set down in Arti-



Noboru Gotoh, president of the Japan Chamber of Commerce and Industry (Nissho)

cle 64 of the Chamber of Commerce and Industry Law are "to strive for the sound development of chambers of commerce and industry and contribute to the promotion of commerce and industry in Japan by coordinating and integrating all chambers of commerce and industry in the country, representing their viewpoint, and collaborating with other economic organizations both at home and abroad."

Nissho is headed by President Noboru Gotoh (president of Tokyū Corp.) who at 68 is the youngest among the leaders of Japan's influential economic organizations.

Gotoh became the 14th president of Nissho in May 1984, succeeding the late Shigeo Nagano. Nagano, a former chairman of Nippon Steel Corp., had reigned over Nissho for 15 years. Gotoh was regarded early on as the most probable man to take his place at the helm of Nissho. Gotoh him-

self was aware of this possibility, and endeavored to groom himself for the top post. Not only people inside Nissho but also Yoshihiro Inayama, chairman of the Federation of Economic Organizations (Keidanren) and other leaders of influential economic organizations warmly welcomed his assumption of leadership and gave him their support. Thanks to this backing from the leaders of the business community, the transfer of the baton from "superstar" Nagano to Gotoh went very smoothly.

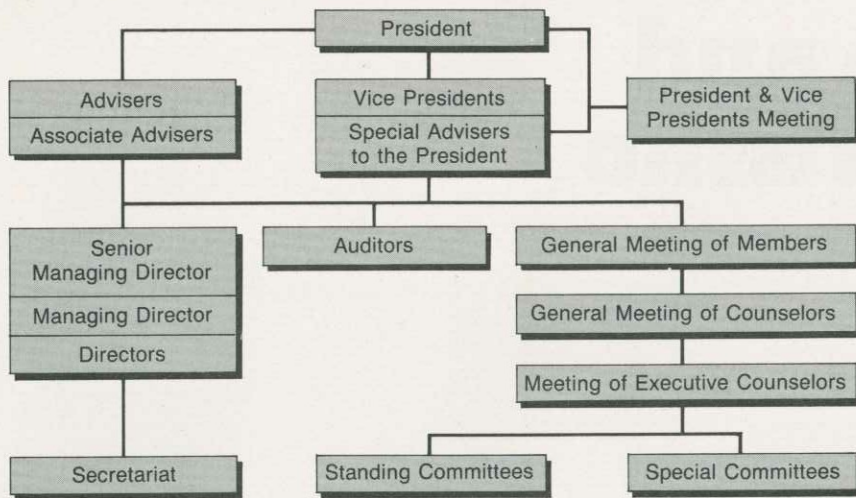
Gotoh is the supreme commander of the Tokyū Group, one of the most powerful corporate groupings in Japan. He also has many contacts, not only in the political world but in the government bureaucracy. Gotoh and Prime Minister Yasuhiro Nakasone have been close friends since their days at Tokyo University.

Gotoh's basic policy in steering Nissho's activities is to boost its mobility and make it truly "a chamber of commerce and industry of action."

Nagano was known as the "don of the business community." He possessed a strongly assertive personality, and his leadership style was of the "follow me" kind. For instance, in overseas activities, Nagano proposed one giant project after another, such as plans to construct a second Panama Canal and to dig a tunnel under the Strait of Gibraltar. He also sent a high-powered, nearly 200-member mission to the Soviet Union. Nagano constantly attracted attention with his grandiose schemes.

On the other hand, Nissho's former president also insisted that "small- and medium-scale enterprises are the foundation of the Japanese economy," and stressed the need for coexistence and prosperity between big business and small

Nissho Organizational Chart



Nissho Committees

(Standing committees)

- Economic Policy
- International Economy
- Foreign Trade
- Tourism
- Small- & Medium-sized Enterprises
- Distribution Measures
- Small Business Measures
- Tax System
- Labor Relations
- Information Management
- Regional Economic Development
- Public Nuisance Measures
- Traffic & Transport
- National Welfare
- Public Relations
- Chamber of Commerce Management
- Fund Raising
- Chamber of Commerce System
- & Activities Research
- Meritorious Achievement Award

(Special committees)

- Greater Regional Administrative Division Concept
- Energy Measures
- Fishery Problems in 200-mile Economic Zone
- Administrative & Fiscal Reform
- Retail Trade Measures
- The International Exposition (TSUKUBA EXPO' 85) Cooperation

(Multilateral conferences)

- Pacific Basin Economic Council (PBEC)
- Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI)
- ASEAN-Japan Economic Council

(Bilateral committees)

- Japan-Australia Business Cooperation Committee
- Japan-New Zealand Business Cooperation Committee
- Japan-Philippines Business Cooperation Committee
- Japan-India Business Cooperation Committee
- Japan-Malaysia Business Cooperation Committee
- Japan-Bangladesh Business Cooperation Committee
- Japan-Sri Lanka Business Cooperation Committee
- Japan-Egypt Business Cooperation Committee
- Japan-Spain Business Cooperation Committee
- Japan-Argentina Business Cooperation Committee
- Japan-Chile Business Cooperation Committee

Nissho Organizational Data

(as of April 1985)

Address: 2-2, 3-chome, Marunouchi, Chiyoda-ku, Tokyo 100
Telephone: 03-283-7824

Establishment: June 1922

Membership: Local Chambers of Commerce and Industry 481

Number of main officers:

President	1
Vice presidents	5
Senior managing director	1
Executive counselors	51

Secretariat staff: 120

Annual budget: ¥2.2 billion (fiscal 1985)

enterprises. He thus upheld the theory that smaller businesses are the "stone wall" of the Japanese economy. Nagano's reign at Nissho was characterized by the coexistence of the "stone wall theory," which is the starting point of the chamber of commerce and industry movement in Japan, and his grand schemes.

Building a "stone wall" of consensus and cooperation

Upon assuming the post of president of Nissho, Gotoh clearly expressed his view of how the organization should be run.

"The 'stone wall' theory, which is former president Nagano's legacy, will serve as a guideline for Nissho's future activities," Gotoh declared. "I would like to discuss thoroughly with the vice presidents how to develop and implement the 'stone wall' theory as we move toward the 21st century."

"With the coming of a highly information-oriented society, the business community is now in a diastrophic period of structural reform and other changes. With this perception of the realities confronting us, we will work out our responses, including those of small- and medium-sized enterprises. As a practical matter, however, I don't think that I will be able to follow Mr. Nagano's style of 'follow me' leadership."

On the basis of the "stone wall" theory, Gotoh aims to mobilize the combined power of the business community under a collective leadership system and to approach problems in a realistic way as he strives to make Nissho into a "chamber of commerce and industry of action."

Unlike in Nagano's days, Nissho today already leans more toward collective leadership. However, Gotoh himself has demonstrated firm leadership and a breadth of action in no way inferior to Nagano's. As soon as he became president, Gotoh visited major chambers of commerce and industry throughout the country and listened to the opinions of their members. He also instructed Nissho's Secretariat to conduct a study of "a new course for Nissho." The results of this study were compiled into a 40-page report early this year. It was referred to the General Assembly for approval, and will now serve as Nissho's action guideline under the Gotoh administration.

As a result of diversifying perceptions and values, it is essential today to build a consensus before taking any kind of action. Thoroughly aware of this, Gotoh has listened to a wide range of opinions within Nissho, and he intends to build the Nissho of tomorrow by taking these opinions fully into account.

Already, Gotoh says, he has numerous plans for a "Nissho of action" to implement in the course of its daily activities.

First, as regards Nissho's function of making policy recommendations, Gotoh will take up taxation issues, including the projected imposition of large-scale indirect taxation and revision of the inheritance tax. Both of these would have far-reaching effects on owners of commercial and industrial businesses. He is also thinking of recommending ways to accelerate administrative reform and utilize private sector vitality to stimulate the economy. As for measures regarding information technology, he is planning projects to facilitate exchanges between different industries and to conduct studies on VAN (value-added networks), CATV (cable television), and on the feasibility of estab-



The Tocho building which houses Nissho headquarters.

lishing a nationwide communications network for chambers of commerce and industry. He is also thinking of instituting an examination system to establish grades for word-processor operating skills. With respect to regional and commercial problems, he intends to promote local industries native to each region, and to organize small- and medium-sized retailers.

Internationalization to aid small businesses

In addition to grappling with domestic issues, Gotoh plans to put greater efforts into dealing with international problems.

He has already initiated a number of international actions. For instance, he dispatched a 100-member economic mission to China March 1-9. It was the biggest delegation Nissho has ever sent to Japan's huge neighbor. Gotoh himself headed the mission, which visited Shanghai, Guangzhou and Shenzhen to inspect industrial conditions. The mission met Chinese Communist Party Central Committee leader Deng Xiaoping and Premier Zhao Ziyang. The visit produced many results that will further Japan-China economic exchange in the future, especially for small- and medium-sized enterprises.

One of the fruits of the mission was the agreement reached with the China International Trust and Investment Corporation, which is in charge of policy to open China's economy to the world. The agreement provided for the establishment of a standing body specializing in the promotion of joint ventures and technical cooperation. This agreement provides the first powerful pipeline for exchange between Japanese small businesses and China.

Gotoh firmly believes that, "China's tide of economic liberalization and the opening of its economy to foreign countries will never be reversed." He goes on to say with

confidence, "From now on China will need to develop and foster its distribution and service industries in order to facilitate the smooth supply and distribution of products. In other words, it will need to reinforce the downstream end of its economy. Nissho wants to help China meet its future needs, and I am sure we can fill the bill."

With the economic mission to China as an impetus, Gotoh's internationalization policy is swinging into action. Gotoh attaches just as much importance to the U.S. as he does to China, although Nissho has so far had relatively few contacts with Japan's biggest trading partner. The U.S. is an integral part of the "Pacific Economic Sphere" concept which is important to Japan because of its geographical position as well as to the development of the entire Pacific area. Gotoh is the chairman of the national committee of the Pacific Basin Economic Council (PBEC) formed by business leaders from Australia, New Zealand, the Republic of Korea, and Taiwan. Recently he met in Washington with Secretary of State George Shultz, who supports the Pacific Community concept, and exchanged opinions with him on economic cooperation within the basin.

With the results of his meeting with Shultz in mind, Gotoh will attend a general meeting of PBEC in Auckland in May and seek the cooperation of member countries. Gotoh hopes that China will join the organization in the near future.

In order to help facilitate the internationalization of small- and medium-sized enterprises, Nissho will conduct a survey covering small businesses in Osaka, Nagoya and Fukuoka in 1985 and follow up in 1986 with a survey of small businesses throughout the country to find out which are interested in advancing overseas. Based on the survey findings, Nissho will register enterprises wishing to advance overseas as a first step in responding to invitations from other countries wishing to have Japanese

small businesses set up in their territory. Nissho will provide registered companies with overseas information and consultations on investment and the dispatch of engineers. It will also provide guidance and assistance to enterprises wishing to invest or advance overseas. Moreover, in cooperation with countries seeking the advance of Japanese enterprises, Nissho will hold meetings to explain to Japanese companies the investment environment in each country concerned.

Strengthening foreign business community ties

The *Standard Trade Index of Japan 1985-1986* published in English by Nissho has an excellent reputation as a guidebook on transactions between Japanese and foreign companies. Nissho plans to make this almanac more convenient to use by adding a section classified by industry and listing companies and their lines of business.

Nissho's photo-illustrated English catalogue of highly marketable products, entitled *Japan: New Products & Marketable Commodities*, has attracted attention both at home and abroad. Reflecting its wide use, Nissho plans to improve its contents and increase its circulation.

There are 13 foreign chambers of commerce and industry in Japan today. Nissho is now considering holding informal discussion meetings with these organizations, including the American Chamber of Commerce in Japan. By gradually increasing the number of foreign chambers of commerce and industry with which it holds discussions, Nissho hopes to strengthen its ties with the foreign business community in Japan.

With a view to strengthening sister ties between Japanese and foreign chambers of commerce and industry overseas, Nissho plans to establish an "International Exchange Promotion Conference" this June among chambers which already have entered into sister relations. The conference will serve as a forum for member chambers to exchange views and information. At the same time, Nissho will furnish information to other chambers which wish to establish sister ties with their foreign counterparts.

At present, Nissho participates in 14 bilateral and multilateral international conferences. These conferences have advanced beyond the stage of cementing friendship and goodwill to one of "qualitative sophistication." As the number of countries with which it has exchanges increases year by year, Nissho will reinforce the capability of its Secretariat to handle international affairs and communicate with foreign organizations. By every measure, Nissho is playing a leading role in the furtherance of international understanding. ●