

Japan Post Makes Debut

Japan Post was inaugurated on April 1, taking over the three postal services of mail delivery, postal savings and *kampo* life insurance from the Postal Services Agency. The establishment of the new public corporation, based on the Basic Law on the Administrative Reform of the Central Government enacted in 1998, marks the first step in privatizing the nation's postal services. The three services will operate under a single management but on a self-supporting basis, introducing a corporate-accounting system and other private-sector business methods for better operational efficiency. The new organization is headed by Ikuta Masaharu, former chairman of the shipping firm Mitsui O.S.K. Lines, Ltd., who is known as an ardent reformer. It has some 300,000 employees who will retain their status as government employees.

Overhauling the Postal Services Agency was an important part of Prime Minister Koizumi Jun-ichiro's government reform initiative, but it remains to be seen whether the new public corporation will be turned into a private firm as Koizumi hopes, because a large number of lawmakers in his own Liberal Democratic Party as well as opposition parties are against it.

Simultaneously with the launch of Japan Post, the mail delivery market, previously monopolized by the Postal

COMING UP

The next issue of *JJTI* will feature foreign direct investment (FDI) in Japan. We will examine the major policy changes of the Japanese government, the attractiveness of the Japanese market and local governments' attempts to attract FDI to assist regional development.

Photo: THE YOMIURI SHIMBUN



Mail delivery staff of the newly launched Japan Post

Services Agency, opened to private firms, but due to strict conditions on operators, no companies have so far entered the business. Customers thus can hardly expect benefits, such as cost reductions through competition, from the postal system reform for the time being. If private companies enter the market in the future, Japan Post will face stiff competition and will be forced to drastically improve its services.

Among the new services introduced by Japan Post was the extension of mail delivery hours by one hour to 9 p.m. and the expansion of areas to which mail will be delivered by the next day. The corporation retained Asashoryu, the Mongolian-born Sumo grand-champion, New York Yankees outfielder Matsui Hideki and footballer Takahara Naohiro, who plays for the German team Hamburg SV, in its advertisements in order to improve its competitiveness in the global postal market. Japan Post officials say that the three energetic sportsmen fit the image of the corporation, which is vig-

orously trying to offer good services, and their activities away from their homelands conform to the corporation's plans to expand overseas.

When the government structure was reorganized in 2000, the full privatization of postal services was considered to revamp the mammoth postal saving and *kampo* life insurance operations, but the services remained in government hands due to opposition from lawmakers who held vested interests in the services.

Koizumi regards the transformation of the Postal Services Agency into Japan Post as a first step toward its future privatization, but the government has yet to reach a consensus on this politically sensitive issue. On the other hand, banks and other private-sector companies are demanding a rapid full privatization of postal services.

Japan Post has total assets of about ¥400 trillion, mainly postal savings and *kampo* funds, and is capitalized at about ¥1 trillion. But its capital-to-assets ratio stands at a diminutive 0.24% due to the poor results of postal services and stock investments. Mail delivery services alone have a net deficit of ¥400 billion.

Industrial Revitalization Corp. Launched

On May 8, the state-backed Industrial Revitalization Corp. of Japan (IRCJ) started full-fledged operations, aiming to help rehabilitate heavily indebted companies. The move signals that the government-led efforts will go into full swing to achieve industrial revival and solve banks' non-performing-loan (NPL) problems.

The IRCJ is expected to select the first corporate borrower for a bailout after strictly assessing the rehabilitation plans put forward by candidate companies and their creditor banks.

The IRCJ will work closely with the government and the Bank of Japan, while lawmakers will work harder to come up with a legal framework to better cope with the NPL problem.

The IRCJ is charged with purchasing loans owed by viable corporate borrowers from their lenders other than main creditor banks and helping them to rehabilitate. In doing so, the IRCJ will encourage the companies to withdraw from unprofitable businesses. But it is unclear how the IRCJ can alleviate excessive competition accelerated through industrial consolidation.

Capitalized at ¥50 billion, the IRCJ is to last for five years. If the IRCJ incurs cumulative losses which exceed the ¥50-billion capital at the end of the five-year period, taxpayers will have to make up for the losses. IRCJ President Saito Atsushi does not deny such a possibility, saying any burden to be borne by the public may be the "cost of industrial revival."

The opening ceremony of the IRCJ's new office was attended by four cabinet ministers, including Tanigaki Sadakazu, minister of state for the industrial revitalization corporation, and senior IRCJ officials. The entity is staffed with what Tanigaki called the "most powerful professional group," including those officers who came from foreign investment funds specializing in corporate revitalization.

Pledging to do his utmost to reinvigorate troubled companies, Saito said, "My mission is to dig out seeds beginning to go bad, and help them to blossom." The executives at the IRCJ include Chief Operating Officer Toyama Kazuhiko, who is in charge of daily operations and assists Saito. Lawyer Takagi Shinjiro heads the Industrial Revitalization Committee set up at the IRCJ that is charged with deciding which companies should be bailed out.

Photo: The Mainichi Newspapers



The M-V-5 rocket launched at the Kagoshima Space Center in Uchinoura

World's First Asteroid Probe Launched

Japan launched on May 9 the world's first space probe aimed at bringing back rock samples from an asteroid. An M-V-5 rocket carrying the unmanned probe, dubbed MUSES-C (Mu Space Engineering Spacecraft-3), blasted off from the Kagoshima Space Center in Uchinoura, Kagoshima Prefecture, southwestern Japan, and successfully put the probe into orbit on a four-year mission.

MUSES-C is scheduled to reach the tiny "1998SF36" asteroid – about 500 meters in diameter and some 300 million kilometers from Earth – two years later, according to the Institute of Space and Astronautical Science (ISAS), an affiliate of the Ministry of

Education, Culture, Sports, Science and Technology. The probe will then fire a metal bullet into the surface of the asteroid and scoop up a small amount of the resulting fragments. It is set to return to Earth in 2007 and release a capsule containing the samples upon re-entry into the atmosphere, with the capsule parachuting to a specified recovery area.

These will be the first space samples to be brought back since the moon rocks collected under the U.S. Apollo lunar exploration program. At present, a U.S. spacecraft is on a similar mission to collect dust from the tail of a comet. But asteroids are known as "fossils of the solar system" that keep intact what has remained of planets at their birth and are expected to shed light on the creation of the solar system if their fragments are obtained on the mission.

The launch of the M-V-5 rocket has brought Japan's space exploration program back on track after the previous failure in 2000. Japan plans to launch four scientific satellites by fiscal 2005 using the M-V rocket. The

latest launch was the last by the ISAS, which will be merged with two other government-run space agencies into the Space Aeronautics Research and Development Organization in October. The new institute will put into orbit four planned satellites for infrared astronomy, lunar exploration, solar observation and X-ray astronomy.

The M-V rocket, developed by the ISAS for major space exploration projects, is one of the world's largest solid-fuel rockets. It measures 30.8 meters long and 2.5 meters in diameter and weighs 140 tons. It is capable of putting a 1.85-ton satellite into orbit at an altitude of 250 kilometers. It was first launched in February 1997 carrying a radio telescope satellite. Its third launch attempt failed in February 2000, and it has since undergone a series of improvements.