

Mitarai to Head Nippon Keidanren

– To Continue Okuda's Reform Drive –

MITARAI Fujio, who has long served as president and CEO of Canon Inc., is set to assume the chairmanship of Nippon Keidanren (Japan Business Federation) in May. The chairman of Nippon Keidanren's predecessor, Keidanren, was once called "the prime minister of the business world," and had been served by leaders of such "heavy industries" as steel and electric power and the last two were from Toyota Motor Corp. Mitarai will become the first top business leader ever from a high-tech company whose mainstay products include digital cameras and copying machines.

Mitarai is known as a businessman of international caliber, working for a total of 23 years in the United States, including a stint as president of Canon U.S.A. Shortly after becoming Canon's president, he decided to pull out of the unprofitable personal computer busi-

ness. He changed Canon's production system at plants from a conveyor-belt to cellular-manufacturing system and succeeded in improving efficiency remarkably. (Under the cellular-manufacturing system, a single worker goes through several stages of the production process, unlike simple assembly labor under the conveyor-belt system.) Through these reforms, Mitarai helped Canon develop into a highly profitable company. While he is well versed in American management, Mitarai has declared that Canon "will stick to the life-time employment system as long as I am the president," and applied the advantages of this type of employment system to the company's personnel management. He is not necessarily committed to US-style management but has his own original corporate philosophy.

The current chairman of Nippon Keidanren, Okuda Hiroshi, chairman of

Toyota, has promoted structural reforms in line with the Koizumi administration. In an effort to boost the business community's influence on national politics, Okuda resumed the practice of arranging political donations. Mitarai says "politics and the economy are the inseparable two wheels of a vehicle," and calls for maintaining the momentum of deregulation to promote the power flow from the government to the private sector by continuing Okuda's reform drive. A full-scale policy debate is expected to soon sweep through Japan's political world toward a race to pick the successor to Prime Minister Koizumi Junichiro, whose term of office as ruling Liberal Democratic Party leader is to expire in September 2006. Attention will be focused on what Mitarai will say on Japan's fiscal rehabilitation and regulatory reform, and how he will steer the business community.