

JR East Overseas Business

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Introduction

The world is taking a new look at the value of railways as a means of public transport for carrying large passenger volumes but with a small environmental footprint. This awareness is growing hand-in-hand with heightened concerns about global environmental issues and the economic growth of emerging economies. Many railway projects are being considered around the world, and the Association of the European Rail Industry (UNIFE) announced in September 2014 that the global railway market grew by 1.5% from 2011 to 2013 with expected further expansion of 2.7% to €176 billion (approximately ¥24.6 trillion) in the 6 years from 2014 to 2020.

Work by JR East in these railway projects has conventionally consisted of railway construction or procurement of rolling stock, signals, and the like, but in recent years this has changed to packages that include operation and maintenance. In light of these trends, work is underway in Japan to actively promote Japanese railway systems to overseas markets by public-private partnerships.

The JR East Group has 'Tackling new business areas—Globalization' as one of the six basic courses of action in its management plan 'JR East Group Management Vision V (Five)—Ever Onward' established in 2012. Based on information gathering fostered by participating in international organizations and international exchanges, JR East is using its key strengths in railway administration, including operations and maintenance, to steadily promote measures for participation in business overseas. This will allow the company to pursue the potential of railways.

This article introduces JR East's efforts in overseas railway projects and international exchanges and outlines the company's activities at offices outside Japan. It also covers the current situation and future course of action in efforts to participate in overseas railway projects.

Participation in International Organizations

International Union of Railways (UIC)

The UIC is an international organization with a membership of about 200 railway operators from around the world. JR



Series E7 Shinkansen

(JR East)

East Chairman Satoshi Seino has been serving as Chairman of the UIC Asia-Pacific Region since January 2013. In October 2014, the company hosted the 18th UIC Asia-Pacific Region Meeting and 3rd UIC Asia-Pacific Workshop on Control Command and Signalling, in Tokyo.

9th UIC World Congress on High Speed Rail

JR East and UIC co-hosted the 9th UIC World Congress on High Speed Rail at the Tokyo International Forum from 7 to 10 July 2015. Twelve-hundred people involved in high-speed rail from government agencies, railway-related manufacturers, railway operators, research organizations, and elsewhere met to make this one of the world's largest exhibitions and international conferences on the topic of high-speed rail.

The theme of the congress was 'Celebrate the past, Design the future.' The Congress provided an opportunity for countries with high-speed rail and those aiming to build high-speed rail in the future to look back on its half-century history and to look forward to the next half-century. Also, an exhibition was held simultaneously, attended by railway-related manufacturers and operators from Japan and around the world.

International Association of Public Transport (UITP)

UITP is an international organization made up of approximately 3400 public transport operators and related bodies around the world. JR East Vice-Chairman Masaki Ogata has been serving as President of UITP since June 2015. And JR East has been participating in various UITP committees on the topics of regional and suburban railways, urban railways, security, marketing, and IT innovation, where information related to public transport is gathered and disseminated. The 13th UITP Asia-Pacific Assembly in Tokyo in April 2014 was hosted by JR East along with Tokyo Metro.

Networking Activities in International Organizations

JR East is also a member of the Community of European Railway and Infrastructure Companies (CER), Association of American Railroads (AAR), and American Public Transportation Association (APTA). These networks with overseas railway operators formed through activities at international organizations are valuable sources of



Prime Minister Abe addressing the delegates at the Congress

(JR East)

information for accurately identifying trends in world railways. Disseminating information at international conferences and holding international conferences in Japan contribute to fostering international understanding of Japanese railway technologies and efforts. JR East regards activities in international organizations as a foundation in developing railway business outside Japan.

International Exchange and Cooperation

JR East has been running training programmes with Deutsche Bahn (DB) and Korea Railroad Corporation (KRC) for many years, and it has been dispatching personnel to and receiving personnel from both companies to exchange information in a wide range of areas, including business reform, technical development, customer service, and group management. Exchanges of opinions have also been made in the USA since 2008 with US railway operators, such as New York's Metropolitan Transportation Authority (MTA) and US National Railroad Passenger Corporation (AMTRAK). Also, opportunities for exchanges with the Autonomous Operator of Parisian Transports (RATP) in France and Swiss Federal Railways (SBB) are being increased in Europe.

JR East has been actively accepting observation visits from overseas railway operators, with 892 people from 54 countries visiting in 2013. Trainees have also been accepted from developing nations at the request of agencies such as the Japan International Cooperation Agency (JICA). In these activities, international cooperation has been carried out by means such as holding lectures in specialized fields and accepting visits to field offices.

The main objective of such international exchanges is to contribute to the advancement of the world's railways. But at the same time, JR East hopes to foster human resources who can look outward and understand various cultures and values, as well as learn from the excellent technologies and concepts of overseas railways to make improvements at JR East as well. Moreover, the networks formed and the views built by listening sincerely to visitors' requests will be an important foundation on which the company can build railway business outside Japan.

Setting-up Operation Bases Overseas

JR East has had offices in New York and Paris for some time, and new offices were set up as bases of operations in line with the development of overseas railway business to gather information on railway projects abroad and enhance marketing. These new offices are in Brussels, Singapore, and London.

New York and Paris offices

Offices in New York and Paris were set up in the Japanese National Railways (JNR) era and were inherited by JR East, so they have a long history spanning 50 years. They conduct duties, such as contacting and coordinating with international railway organizations to which JR East belongs, participating in international conferences held by those organizations to gather and disseminate information, and participating in travel exhibitions in Europe and North America. They are also commissioned to conduct international business for JR companies, playing the role of overseas operations bases for the JR Group.

Brussels office

Belgium's capital is a centre of European politics, hosting the headquarters of international organizations such as the European Union, UITP, and CER. Information on European railways and transport policy is also concentrated here. The Brussels office, registered as a branch office of JR East in February 2013, gathers information on European railway policy and disseminates JR East information, and also conducts sales activities.

JR East has a basic policy of procuring materials widely—from within Japan and around the world—that have high quality, low price, and good after-sales support. The Brussels office acts as one of the contact points for procurement in Europe, enhancing the company's relations with railway-related suppliers in Europe. It held seminars in Germany, France, and Italy in February 2015 for European suppliers to explain JR East's procurement procedures and joint R&D strategies.

London office

Vertical separation—separation of railway operation and infrastructure management—has been on-going in the UK railway market. Many transport operators from within and outside the UK are entering the country's intercity railway operation market, and high-speed rail is being planned there. As opportunities for JR East to enter the market continue to be expected, the company set up an office in London in April 2014.

The London office works through exchanges of opinions and interactions with government officials and UK railway operators to gather information on the UK's high-speed rail plans and passenger railway franchise systems and to disseminate information to study the possibilities for JR East's future entry into the railway-operation business there.

Singapore office

The Singapore office was opened in March 2013 as a base of operations in Asia where urban railway and other railway projects are expected to start in the future. Through efforts such as participation in international conferences and exhibitions held across Asia and technical exchanges with railway operators, the office works to increase JR East's presence in Asia and enhance networks there. It also gathers information to enable participation in areas such as new railway projects (high-speed railways and urban railways) as well as operation and maintenance of existing lines.

In addition, the office also gathers information related to and conducts market surveys on lifestyle services businesses, working to develop specific business outside Japan.

Participation in Overseas Railway Projects

JR East has been actively developing overseas railway consulting business such as business feasibility surveys and design work centred on Japan International Consultants for Transportation Co., Ltd. (JIC), which was established in March 2011. The company is also working closely with companies worldwide to participate in overseas railway projects including those in the field of operation and maintenance (planning, administration, support, equipment maintenance and related areas, and implementation related to train operation).

Bangkok Purple Line

JR East is participating with Marubeni Corporation and Toshiba Corporation on business for maintenance of rolling stock and wayside equipment for the Purple Line urban railway now under construction in Bangkok. This is the first case of a syndicate including Japanese railway operators

Figure 1 Bangkok Train Route Map with Planned Route for Purple Line (JR East)

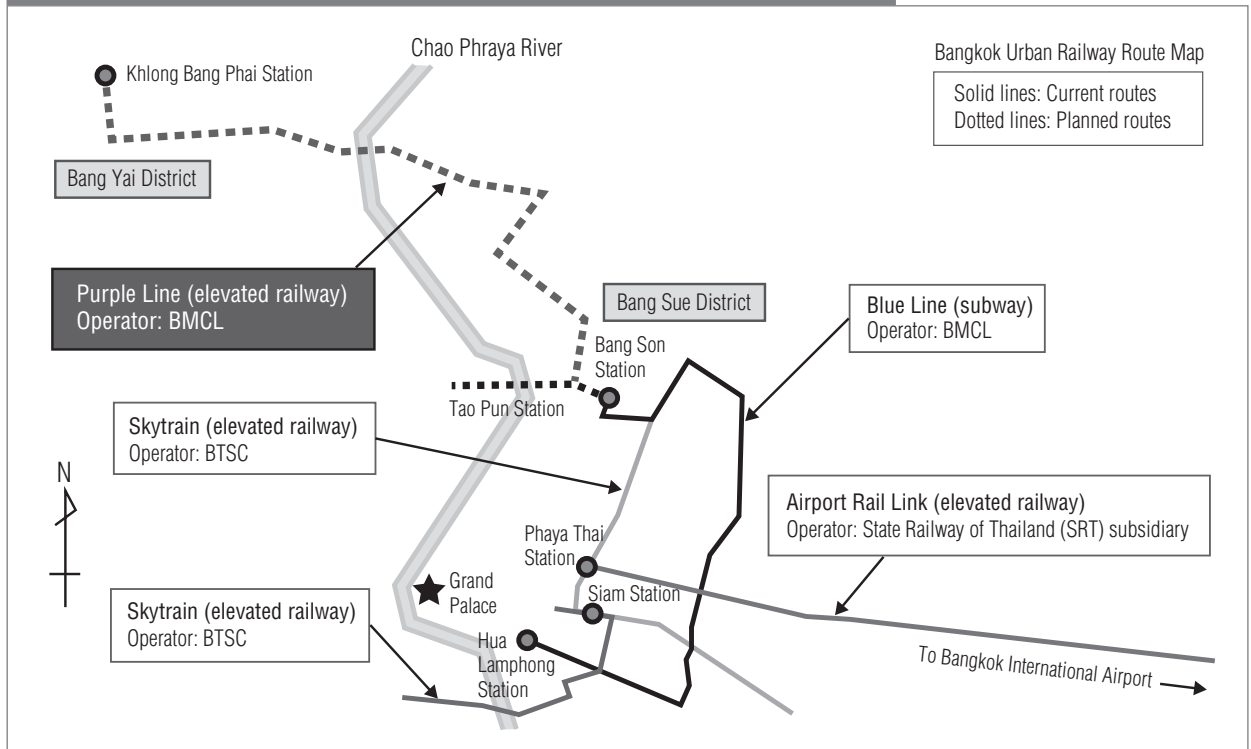


Image of three-car *Sustina* trainset for Purple Line

(J-TREC)

participating in railway maintenance outside Japan.

The Purple Line is about 23-km long with 16 stations planned to connect the Bang Sue District north of the Thai capital with the northwest suburban Bang Yai District. Based on a 10-year contract with Bangkok Metro Public Company Limited (BMCL), along with Marubeni and

Toshiba, JR East is managing total maintenance of rolling stock, signalling, tracks, power, platform doors, automatic fare collection system, depot equipment, and more. To conduct this business, the three partners jointly established a maintenance company, Japan Train Technology (Thailand) Co., Ltd. (JTT), in December 2013. Work is currently

underway to formulate maintenance plans, methods, etc., ahead of the line opening in 2016.

Marubeni and Toshiba have also been commissioned by BMCL to supply the full railway system for the Purple Line. The JR East Group company Japan Transport Engineering Company (J-TREC) will build and supply 21 trainsets each composed of three stainless-steel cars (63 cars in total).

Technical support for Indonesian railway operators

JR East has transferred 180 Series 205 EMUs used on the Saikyo and Kawagoe lines and 176 Series 205 EMUs used on the Yokohama Line to PT KAI Commuter Jabodetabek, the operator of suburban railways in the Indonesian capital of Jakarta. Employees of JR East have also been dispatched to provide technical support there. Engineers from maintenance depots were dispatched to Indonesia for a short time in November 2013 to support maintenance, test runs, and confirmation work for delivered rolling stock. Support for periodic inspection work was also provided in January 2014. This marked the first time for JR East to provide maintenance personnel directly for transferred rolling stock.

In March 2014, JR East concluded a memorandum of understanding with PT Kereta Api Indonesia, and PT KAI Commuter Jabodetabek, for the purpose of cooperation. The companies are deepening ties through meetings, etc., to form closer relationships, and future support in various areas will be studied.

Consulting for UK (HS2) high-speed rail project

High Speed Two (HS2) is a UK project to build a new 530-km high-speed line from London that divides at Birmingham to Manchester and to Leeds. The JR East Group is providing consultation to High Speed Two (HS2) Ltd. This is the first case where JR East Group has directly concluded a consulting contract in Europe.

Ties are being maintained through the London office and future involvement in the project is being considered.

Fostering Global Human Resources

Fostering people with a global outlook who can actively promote projects outside Japan is an important and urgent issue for JR East. Without such people, the company cannot take on the challenge of developing projects outside Japan based on participation in international organizations and networks with railway operators abroad.

Personnel are being dispatched long-term to locations such as international railway organizations and railway operators in other countries as well as to the company's overseas offices. This will help foster people who can play a key role in future international business.

On-the-job training programmes for overseas railway consulting business have also been conducted since 2009 for developing personnel at the core of the business. Currently, there have been nine programmes in five countries. Upon returning to Japan, the dispatched personnel have been working in areas such as JR East departments related to international business and at JIC. Future expansion of this training is planned.

Conclusion

This article has covered the steady progress of the JR East Group in measures for 'Tackling new business areas—Globalization', one of the six basic courses of action taken since the release of 'JR East Group Management Vision V (Five)—Ever Onward'. To speed-up efforts in the group management vision, these new business areas will be tackled while continuing to participate in international organizations and conducting international exchanges and going forward with railway projects overseas. ■

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