

"Transport General Strike" strategy. During the 1974 annual spring labour offensive, Japan suffered post-oil-crisis inflation, while the FPCGE (Federation of Public Corporation and Government Enterprise Workers' Unions, the organization of trade unions in public enterprises) intended to regain their right to strike. In this context, the Transport Strike strategy reached its peak with JNR's 5-day strike (110 hours long) and major private railways' 2-day strike. They employed this strategy until 1976, immediately before the GFPRWJ (General Federation of Private Railway Workers' Unions of Japan) adopted its principle of independent negotiation/settlement.

In response to the Transport Strike that occurred annually, the PCGELRC (Public Corporation and Government Enterprise Labour Relations Commission) and CLRC worked on adjusting wage disputes in public enterprises and private railways and proposed a mediation plan in order to prevent or halt strikes that would have significant impacts on the daily life of Japanese citizens. In this way, these two commissions played important roles in adjusting the wage hike level in Japan.

Due to changes in the industrial structure, industries influential in wage negotiations became new export industries, such as steel, shipbuilding, automobile and electric industries. Consequently, their trade union (IMF-JC) also became more influential, and started employing an independent negotiation approach to determine their wage level without the involvement of LRCs.

### 3 Recent trend of adjustment cases

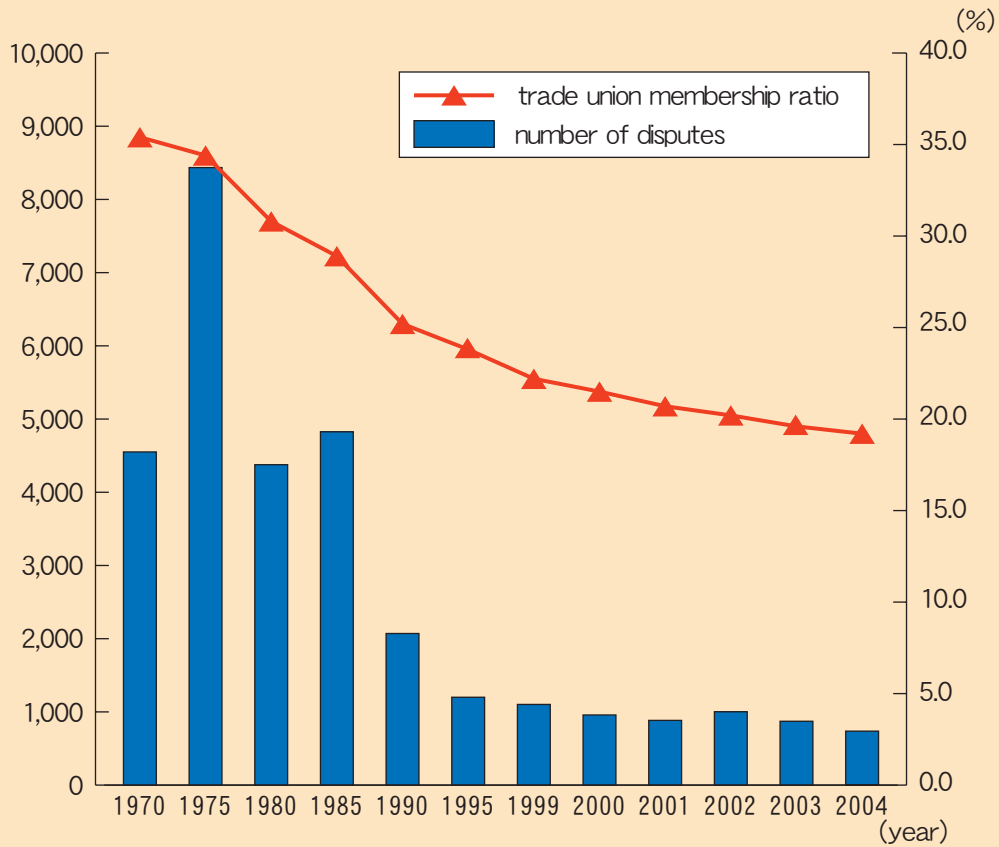
Since the independent negotiation approach took root, LRCs have mainly adjusted labour disputes other than wage or lump-sum payments (e.g. LRCs handle dismissal or personnel reduction cases and encourage collective bargaining) or labour disputes relating to small- and medium-sized enterprises. As part of administrative efforts, the PCLRC was reorganized as the GELRC (Government Enterprise Labour Relations Commission) in 1987 and then merged with the CLRC in 1988.

The number of new requests for adjustment filed for all LRCs decreased to 352 in 1991 after peaking at 2,249 in 1974 and the number of new complaints has stood at around 600 in recent years. As a recent trend, some unorganized workers suffer disadvantageous working conditions imposed by their employer, and then join trade union to ask LRCs to adjust their labour disputes.

As the Diet passed the "Law on Encouraging Resolution of Individual Labour Disputes" in 2001 in order to address individual labour disputes, prefectural LRCs are now able to provide advice or act as a conciliator to prevent or solve individual labour disputes.

After CLRC merged with GELRC, CLRC adjusts wage levels for state-run enterprises every year. In addition, because the government span off some state-run enterprises as independent administrative institutions in 2001, CLRC also adjusts wage levels for these independent administrative agencies. Employees of state-run enterprises (including those that turned into independent administrative institutions) successfully adjusted their wage level in FY2004 and FY2005 through the independent negotiation approach.

Trends in number of disputes and trade union membership ratio

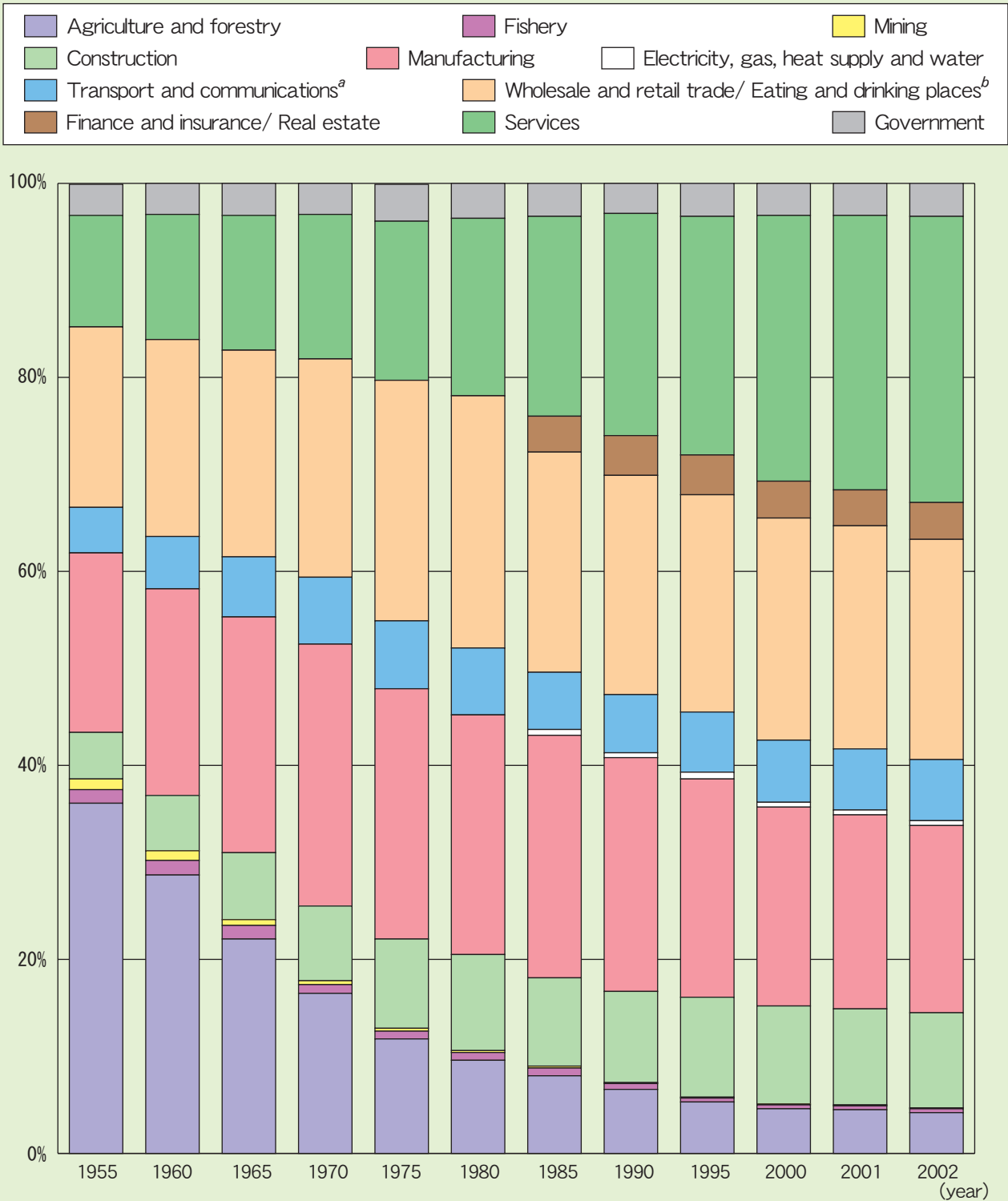


Source : Ministry of Health, Labour and Welfare “Labour Strike Statistics Survey” and “Labour Union Basics Survey”

(Note) a) The number of disputes includes those carried from the previous year. The disputes that occurred in Okinawa before 1972 are not included.

b) The trade union membership ratio is defined as unionized employees as a percentage of all employees. (Ministry of Internal Affairs and Communications Statistics Bureau “Labour Force Survey”)

The change of a number of the employees ratio according to industry



Source : Ministry of Internal Affairs and Communications Statistics Bureau” Labour Force Survey”

(Note) a) Data of Electricity, gas, heat supply and water are included in those of Transport and communications from 1955 to 1980.

b) Data of Finance and insurance/ Real estate are included in those of Wholesale and retail trade/ Eating and drinking places from 1955 to 1980.