

American Chamber of Commerce in Japan  
American Council of Life Insurers  
America's Health Insurance Plans  
American Insurance Association  
Association of Bermuda Insurers and Reinsurers  
Canadian Life and Health Insurance Association  
Coalition of Service Industries  
Conference of Asia Pacific Express Carriers  
European Business Council in Japan  
European Services Forum  
Foreign Non-Life Insurance Association of Japan  
Insurance Europe  
Inter-American Federation of Insurance Associations  
Mexican Insurance Association  
U.S. Chamber of Commerce  
U.S. - Japan Business Council

### **Joint Statement on Japan Post Reform**

**April 6, 2012:** The aforementioned organizations express our deep concerns regarding new legislation put forward by the government of Japan that will place Japanese consumers and businesses at a great disadvantage by ignoring the longstanding concerns raised by the above international industry coalition about creating the equivalent conditions of competition in the insurance, postal, and delivery industries.

Restricting open and productive competition never benefits the economy or consumers. We regret that the legislation to revise the existing Postal Privatization Law, submitted to the Diet by the three major political parties, on March 30, 2012, does not appear to reflect concerns repeatedly expressed by this coalition and, in fact, raises new and serious questions regarding Japan's commitment to fulfilling its international GATS obligations to provide a level playing field to all insurers and other financial institutions in Japan.

We have long expressed the view that there should be no new or modified products or services introduced by Japan Post until a level playing field is established between Japan Post and private companies. The draft legislation does not adequately address this concern. The draft legislation also disregards international best practices that if applied to this legislation would ensure equal competitive conditions among the Japan Post entities and private banks, insurers, and delivery companies. For example, the draft legislation would:

- provide Japan Post Bank, Japan Post Insurance, and Japan Post Services special legal and regulatory exemptions, including from provisions of the Banking Law and Insurance Business Law;
- allow Japan Post Bank and Japan Post Insurance to enter into new business under a notification system after 50 percent or more of their shares are released. (Currently, the two Japan Post entities operate under a pre-approval system.);

- allow Japan Post Bank and Japan Post Insurance, despite continued government involvement, to expand the scope of their business, while making no provision to provide for a level playing field with private companies;
- require that Japan Post provide insurance and banking services universally in an integrated manner, which will raise costs to the Japan Post system and discourage the selling of private sector products through the Japan Post Network, while offering no additional benefits for consumers; and
- allow Japan Post to continue to categorize competitive international delivery services as protected “universal” services, thereby allowing those services to be subsidized and provided advantageous regulatory treatment.

We do not believe that the granting of new competitive advantages to Japan Post will improve citizens’ lives. Instead, it will harm the employees, sales agents, contractors, and investors of Japan Post’s private sector competitors; reduce consumer choice; distort Japan’s economy in a detrimental manner; and reduce opportunities for economic growth. The legislation sends exactly the wrong message about regulation to other major insurance markets that could result in harm to insurance companies regardless of where they are based, including Japan.

Moreover, by calling into question Japan’s commitment to honor its obligations under the GATS, the draft legislation could undermine Japan’s international trade interests. Japanese industry and consumers have an important stake in the international trading system, and measures such as these are objectionable, particularly when proposed by a key trading partner of both Europe and North America.

The organizations listed above—representing a broad and diverse group of stakeholders—have a critical interest in any restructuring of Japan Post. We respectfully urge the Government to assess its consistency with Japan's existing WTO commitments and with WTO-plus trade obligations that are being developed through bilateral and multilateral agreements to which our nations belong. Our governments have a strong desire to develop trade regimes to ensure fair competition between state-owned enterprises and the private sector, of which this is a prime example. We therefore respectfully urge the Government of Japan to use the time remaining before the postal legislation is finalized as an opportunity to ensure equivalent conditions of competition with private sector banks, insurers, and delivery companies.

In addition, we urge our respective governments to help Japan find a solution that ensures it can fulfill its international trade commitments.