

Joint Statement

of the

*American Chamber of Commerce in Japan
American Council of Life Insurers
Americas Health Insurance Plans
American Insurance Association
Association of Bermuda Insurers and Reinsurers
Canadian Life and Health Insurance Association
Coalition of Service Industries
Comité Européen des Assurances (The European Insurance and Reinsurance Federation)
European Business Council in Japan
Property Casualty Insurance Association of America
U.S. Chamber of Commerce
U.S. - Japan Business Council*

Earlier today, the Government of Japan passed legislation freezing the planned sale of shares in Japan Post Holdings, Japan Post Bank, and Japan Post Insurance, signaling an important change in policy affecting the future of these institutions and the markets in which they operate. The legislation takes effect as the government is conducting a comprehensive review of the postal businesses pursuant to the Cabinet Decision of October 20, 2009 (“Basic Policy for Postal Reform”), which also contemplates new regulations to replace the Banking Law and Insurance Business Law as they apply to Japan Post.

The organizations listed above – representing a broad and global group of stakeholders – have a large stake in the shaping of new policy and any new laws or regulations that may be considered with regard to Japan Post. The organizations urge the Government of Japan to use the comprehensive review and other actions on these matters as an opportunity to ensure equivalent conditions of competition between the Japan Post entities and private banks, insurers, and delivery companies as well as real transparency and cooperative involvement among all stakeholders.

Reprinted below is the September 2009 statement reflecting our collective views on this subject, which today we strongly reaffirm.

For years, industry groups have engaged Japan regarding Japan Post reform and the direction of postal privatization, repeatedly emphasizing the need to establish equivalent conditions of competition across the broad spectrum of Japan Post’s competitive services, including financial, express delivery, telecommunications and other services. With regard to insurance, industry groups have expressed the view that there should be no new

or modified products introduced by Japan Post Insurance (JPI) until a level competitive playing field is established between JPI and private insurers. In October 2007, JPI embarked on a 10-year privatization process, yet it continues to be accorded favorable treatment by the Government of Japan as compared with that accorded to private insurers. This advantageous treatment modifies the conditions of competition in favor of JPI.

In early 2009, JPI began seeking approval for a change in regulations that would allow it to introduce a new standalone product – one that would compete directly with products of private insurers – in cooperation with Japan’s largest private life insurance company. JPI’s plan to secure approval for new insurance products prior to the establishment of a level competitive playing field is problematic for reasons including the following:

- It would set a negative precedent for the conditions of competition for providers of competitive services that are also provided by Japan Post;
- It would violate the national treatment component of the General Agreement on Trade in Services (GATS), a cornerstone of multilateral efforts to liberalize international trade in services;
- Approval by the Government of Japan of this change would be inconsistent with the letter and spirit of bilateral understandings and accords reached over many years with Japan with respect to insurance and, more recently, postal privatization; and
- It would represent a trade policy departure by Japan – one of the most advanced players in the multilateral system – making it less likely that other countries will accept meaningful multilateral disciplines in services.

Accordingly, it is imperative that the Government of Japan, working with affected stakeholders, adopt concrete measures to establish a level playing field between JPI, and private insurers, including foreign insurers offering services in Japan before JPI moves to offer any new or modified products. In this effort, we urge the governments involved to commit to a process with Japan that facilitates the adoption of such measures and would bring Japan into compliance with its national treatment obligations.