

*Joint Statement*

of the

**Association of British Insurers  
The American Chamber of Commerce in Japan  
American Council of Life Insurers  
American Insurance Association  
Canadian Life and Health Insurance Association  
Coalition of Service Industries  
Comité Européen des Assurances  
Council of the European Business Community in Japan  
U.S. Chamber of Commerce  
U.S. Japan Business Council**

Japan is nearing a key decision point in its legislative process for achieving privatization of Japan Post. The new laws being fashioned will set the future course for the provision of financial services in Japan, and are critical to a vibrant and efficient market. To avoid doing harm to current market participants, we join together to urge that the legislation being considered include a clear, unambiguous, commitment to the achievement of “equal footing” for all market participants *prior to* the marketing by Japan Post’s surviving entities of any new or altered products.

We are encouraged that many participants in the current legislative process agree with us that it is in the best interests of Japanese consumers and private financial institutions, Japan’s economy, and the world’s economy, to install a fully market-based system for financial services in the globe’s second largest financial services market. Now is the time to ensure that this happens.

“Equal footing” means that the existing privileges of the postal entities are removed, including those that pertain to taxes and government policy guarantees. In addition, payments into a safety net system by the privatized postal entities should occur on the same basis as private sector competitors. FSA regulation should be imposed on the new entities to the same extent and under the same terms and conditions as apply to private sector competitors, and should subject the successors to *Kampo* and *Yucho* to the Insurance Business Law and the Banking Law, respectively. Measures to effectively prevent cross-subsidization between the postal entities must be crafted, as should measures to guarantee that no abuse of market power will occur post-privatization in view of the unprecedented size and scale of Japan Post’s current businesses. No reversion of the profits or other benefits of previously issued, government-advantaged products to the new entities should be permitted. In addition, transparency in transactions among all the postal entities, including their detailed financial and cost accounting data, must be secured.

Attached to this statement is an annex that more fully describes the factors that are necessary to assure “equal footing”.

As our involvement in this Joint Statement demonstrates, the international financial services community is closely watching the results of ongoing postal privatization legislation. We all have a common interest in the outcome. We sincerely hope that Japan will secure a fair and robust financial services marketplace and will do so in a manner which guarantees a future without a constant need to revisit level playing field issues.

We stand ready to be a constructive participant in this very important effort.

## ANNEX

Before new or altered Japan Post products are marketed, “equal footing with the private sector” must be achieved. “Equal footing with the private sector” means equal legal, regulatory, supervisory and fiscal treatment of the postal businesses and private financial institutions under the laws of Japan. This shall include but not be limited to, the following considerations:

1. The Postal Insurance Corporation, Postal Savings Corporation, the Post Office Network Corporation, and the Holding Company shall comply with the Insurance Business Law, the Banking Law, all related regulations and all other laws, regulations and ordinances to the same extent and on the same basis as regulated private financial institutions, financial intermediaries, and holding companies which own insurance and banking companies as subsidiaries (“insurance or banking holding companies”).
2. The Postal Insurance Corporation, the Postal Savings Corporation, the Post Office Network Corporation, and the Holding Company shall be subject to inspection, oversight and supervision by the Financial Services Agency to the same extent, with the same transparency, as regulated private financial institutions, financial intermediaries, insurance or banking holding companies.
3. No government guarantees, explicit or implicit, shall be extended to policyholders of the Postal Insurance Corporation’s policies or the deposits of the Postal Savings Corporation after enactment of the postal privatization legislation.
4. The Postal Insurance Corporation and the Postal Savings Corporation shall be subject to the same statutory tax obligations and regulations as other regulated insurers and banks.
5. The Postal Insurance Corporation and the Postal Savings Corporation shall be required to contribute to a safety net fund on the same pro rata basis as private-sector insurers and banks.
6. The Financial Services Agency shall have in place procedures to monitor financial flows of the successor entities of Japan Post in order to prevent cross-subsidization, including procedures to identify the allocation of costs between the businesses that would not occur in bona fide arms-length transactions between the Postal Insurance Corporation, the Postal Savings Corporation, the Post Office Network Corporation, the Postal Delivery Corporation, the Public Successor Corporation and the Holding Company.
7. Detailed financial and cost accounting data for the Postal Insurance Corporation, the Postal Savings Corporation, the Post Office Network Corporation, the Postal Delivery Corporation, the Public Successor Corporation and the Holding Company shall be made public pursuant to the same legal disclosure requirements, including Article 24-1 of the Securities and Transaction Law, as those required for other stock companies.
8. The Postal Insurance Corporation, the Postal Banking Corporation, the Post Office Network Corporation, and the Holding Company shall not abuse their market power in the insurance market, whether intentionally or inadvertently, and shall be subject to the same regulatory oversight and standards by the Fair Trade Commission as private firms.
9. The Government of Japan shall not provide subsidies, whether directly or indirectly, to the Postal Insurance Corporation or the Postal Savings Corporation.