



*For immediate release*

## **ACCJ Reaction to the Government of Japan's Postal Privatization Outline: "Regarding Postal Privatization Legislation"**

**April 5, 2005 (Tokyo)** – The American Chamber of Commerce in Japan (ACCJ) reacted today to the government of Japan's postal privatization outline titled "Regarding Postal Privatization Legislation."

The ACCJ welcomes efforts by the government regarding postal reform in Japan. While the ACCJ does not take a specific position on whether a particular public entity should be privatized, the current focus on Japan Post's future presents a unique opportunity for the government to bring the postal businesses' regulatory environment into compliance with that of the private sector and international regulatory standards.

The ACCJ's position regarding postal privatization has been consistent and based on global best practices and sound market principles. The ACCJ would like to restate its core global best practice principles and urge that the contents of the outline be reflected in the privatization legislation in a manner consistent with those principles. The ACCJ is concerned by language in the outline suggesting the expansion of the scope of Japan Post's businesses "in stages." It is the ACCJ's position that the privatization legislation, in its final form, must ensure equal footing prior to expansion of the scope of business by any Japan Post entity. Specifically:

**Privatization must ensure equal footing.** Japan Post's financial institutions must be subject to the same level and type of regulation as their private sector competitors, including:

- 1) requiring that both entities pay the same taxes as the private sector;
- 2) eliminating government guarantees on all insurance policies and savings deposits and requiring the establishment of safety-net systems to protect policyholders and depositors from potential failure;
- 3) preventing cross-subsidization among the postal entities; and
- 4) requiring that these institutions be placed fully under Financial Services Agency (FSA) supervision and subject to the Insurance Business and Banking laws.

**No new products.** There must be a strict prohibition on the expansion of new product offerings, including alterations of existing products or riders, until there is equal footing between the postal savings and insurance entities and their private-sector competitors.

**Transparency.** The detailed financial and cost accounting data for all of the postal entities and the holding company must be made public in a timely manner pursuant to the legal disclosure requirements that apply to other publicly-traded stock companies in Japan.

### **About the ACCJ**

Established in 1948, the American Chamber of Commerce in Japan (ACCJ) has grown into Japan's most influential organization representing the interests of international businesses in Japan, with close to 3,200 individual members representing more than 40 countries and 1,300 companies. The ACCJ promotes commerce between the United States and Japan, supports measures to benefit and protect the interests of U.S. companies, and presents a variety of programs that keep Chamber members abreast of current business practices and trends. For further information, visit the ACCJ public website, <http://www.accj.or.jp>.

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