郵政改革に対する見解

2010年10月8日

はじめに

私たちは、日本郵政が民営化されるべきか否かについては、日本政府の判断事項であると考えており、特定の立場に立つものではありません。しかし、その判断にあたっては、日本政府が国際的なルールを遵守すべきです。

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1．国際社会が注目する郵政改革

■ 郵政改革は日本経済の成長力や金融資本市場の競争力、対内直接投資に対するスタンスを評価し、民主党政権の経済政策の方向性を判断する上で、国際社会が注目している重要な課題の一つである。

■ 郵政改革に対しては、直接影響を受ける様々な業界団体や労働者団体のほかに内外の様々なマスメディアも注目している。＊

■ 本年5月には、ジュネーブにおいて、EU、米国のWTO大使が、日本郵政と民間企業との対等な競争条件が欠如していることに深刻な懸念を表明した。

http://www.delgva.ec.europa.eu/en/news/doc/2010_05_21_Press_release_on_Japan_Post_meeting_21_May.doc

http://geneva.usmission.gov/2010/05/21/ustr-japan/

＊添付資料参照

2. 国際的なベストプラクティスと逆行する郵政改革

■ 日本政府は、経済協力開発機構（OECD）、国際通貨基金（IMF）、世界銀行等が提唱する国営企業（SOE）民営化・ガバナンスのベストプラクティスを適用して改革を進めるべきであるが、現改革案にはその視点が反映されていない。

＜郵政改革の成功に向けて適用されるべき3つのグローバル・ベスト・プラクティス＞

○対等な競争条件をもたらすための実効性のある規制の枠組みを確立する

○市場支配力と内部支援の濫用を防止し、競争を促進する

○改革プロセスの透明性を確保する

■ G20において、日本政府は、保護主義の否定、金融市場における公平性の促進をコミットしているが、現改革案の内容はそのコミットに反している。

3. EMS – 透明性の確保①

現状: EMSが実際のコストを反映している価格であるのか、あるいはユニバーサルサービスから内部補助を受けている価格なのか、あるいはその逆であるのかを明らかにするような会計手順は、郵政民営化の過程で改善されていない。

今後の懸念事項: 郵政改革法案により郵便事業株式会社が持株会社に吸収されることになれば、透明性向上はさらに難しくなり、民間と競合するEMSが郵便金融事業の利益により内部補助を受けているかについての確認も困難になる。

3. EMSはユニバーサルサービスか? ②

- 万国郵便条約はEMSを各国の郵政庁が提供しなければならないサービスには含めていない。EMSを提供するかどうかは各国の裁量に任されている。
- 日本政府は、EMSは基本的なユニバーサルサービスであるため、規制制度上のメリットを享受することができ、郵政民営化法の原理の適用外であるという見解を示している。
- カハラ・ポスト・グループの報道発表によると、企業と個人顧客は民間事業会社の高額かつ迅速なサービスからコストパフォーマンスも良く、他のサービスと比べることができない、彼らのサービスに切り替えていると伝えている。
- 民間エクスプレス事業会社は、EMSは競合サービスであると信じており、「同種の業務を営む事業者の利益を不当に害することのないように」という郵政民営化の精神に従うべきであると考える。

EMSは基本的なユニバーサルサービスと見なされるべきではない。EMSをユニバーサルサービスとしなければならない国際的法的根拠は存在しない。

さらに、既にユニバーサルサービスから外されている国内の小包サービスである「ゆうパック」と同様に扱われるべきである。

3. EMSと民間の競争条件の違い③

EMSは民間事業者に対して規制上優位な条件を享受し続けている。

通関

- EMSの場合は、税関職員が個々の貨物をチェックし関税・消費税額を決定している（賦課課税方式）。この費用のほとんどは日本の納税者の負担である。郵便事業株式会社は輸出情報を把握しており、少なくともEMSの輸出通関も民間事業者のものと同じとすべきである。

- 20万円を超える国際郵便貨物の通関は2009年2月16日から民間と同じ申告納税方式になった。しかしながら、EMSの中で20万円を越えるものの割合は極めて小さいものと推測される。20万円という基準は継続的に引き下げるべきである。

安全対策

- 民間事業者は事前に貨物情報を提出しているが、EMSはこの条件から免除されている。

検疫貨物の扱い

- EMSで輸入された検疫貨物は、他の国際郵便貨物と共に空港から直接国際郵便支店（東京では江東区新砂）へ運ばれ、そこで管轄官庁による検査を受ける。即ち検査前に空港を離れるわけである。民間事業会社の場合は空港で検疫貨物だけコンテナから取り出すことが求められる。もしこのままEMSに対する優遇が継続されるようであれば、民間事業会社も同じように扱われるべきである。

4.　WTO協定を遵守していない郵政改革①

■　国際通商協定である「サービスの貿易に関する一般協定（GATS）」のもとで日本に要請される「内国民待遇」原則を遵守する義務に沿う形で改革を行うべきであるが、現改革案にはその視点が反映されていない。国が所有する世界最大の金融機関に関する改革において、日本政府が「内国民待遇」原則に違反をするということは、今後、他国が様々な業界で「内国民待遇」違反をした場合に、それに効果的に対抗することを難しくし、ひいては国際社会の中での日本の立ち位置を弱くする。

＜GATSとは＞

○1995年1月、世界貿易機関（WTO）協定の一部の附属書として、GATS（サービスの貿易に関する一般協定）が発効された。世界経済の成長及び発展のためにサービスの貿易の重要性が増大していることを認め、透明性及び漸進的な自由化の条件の下でサービス貿易を拡大することを目的としている。

４．WTO協定を遵守していない郵政改革②

■ 対等な競争条件が確保される前に金融2社に対して新規業務を認めるという今般の郵政改革案は、「内国民待遇」の原則を定める「サービスの貿易に関する一般協定（GATS）」の第17条第1項の規定を遵守していない。

＜GATS第17条第1項（内国民待遇）とは＞

〇「約束表[*1]」に記載した分野[*2]において、「約束表」に定める条件・制限に従い、サービスの提供に影響を及ぼすすべての措置について、他の加盟国のサービス及びサービス提供者に対して、自国の同種のサービス及び提供者に与える待遇よりも不利でない待遇を与えなければならない。

＊1：加盟国が協定16条（市場アクセス）、17条（内国民待遇）の義務を負う分野、及びそれらの分野で義務を留保する措置を記載した表

＊2：「約束表」に記載した分野には「金融保険サービス」「銀行その他金融サービス」が含まれるため、かんぽ生命・ゆうちょ銀行に対して、他の加盟国のサービス及びサービス提供者に対して与えられる待遇よりも有利な待遇が与えられる場合は、GATS17条第1項に違反することとなる。

4．WTO協定を遵守していない郵政改革③

■ WTO協定では実質的な競争条件の対等化を求めているが、今臨時国会で再提出が予定されている郵政改革法案の内容は、形式的にも実質的にも競争条件が対等ではない。

＜郵政改革法案における不公平な競争条件の一例＞

○永続的に続く政府出資と支配並びに政府が拒否権を持つ不完全な市場規律の適用

○保険業法上の所要の措置

○金融庁と総務省との共同監督

○金融検査の一部緩和

○旧勘定からの利益移転

○郵便局アクセスに関するグループ金融2社への有利な対応

○代理店手数料に係る消費税や保険証券に係る印紙税の減免　 など

5．あるべき姿から後退する郵政改革①

- 簡保・郵貯はこれまでの間、WTO協定違反の状況にあった。そのような中、郵政民営化法では、最大10年をかけて金融2社に市場規律を働かせることを決定した。2004年9月10日に閣議決定された郵政民営化の基本方針、郵政民営化法第2条（基本理念）の遵守こそ、日本政府に法的義務を課す「サービスの貿易に関する一般協定（GATS）」第17条第1項との整合性確保につながるはずだった。
- しかし、現在の郵政改革案では、ユニバーサルサービスの維持の名目のため、ゆうちょ銀行、かんぽ生命の上限額引き上げ等、業務拡大が認められる内容になっている。これは、金融市場における公平性に疑問を呈するものである。また、日本郵政のEMSは、民間国際エクスプレス企業と競合するサービスであり、依然として日本政府がこれをユニバーサルサービスとみなしていることにより、市場の競争を歪めている懸念がある。

＜郵政民営化法第2条＞

郵政民営化は、内外の社会経済情勢の変化に即応し、公社に代わる新たな体制の確立等により、経営の自主性、創造性及び効率性を高めるとともに公正かつ自由な競争を促進し、多様で良質なサービスの提供を通じた国民の利便の向上及び資金のより自由な運用を通じた経済の活性化を図るため、地域社会の健全な発展及び市場に与える影響に配慮しつつ、公社が有する機能を分割し、それぞれの機能を引き継ぐ組織を株式会社とするとともに、当該株式会社の業務と同種の業務を営む事業者との対等な競争条件を確保するための措置を講じ、もって国民生活の向上及び国民経済の健全な発展に寄与することを基本として行われるものとする。

5. あるべき姿から後退する郵政改革②

- 私たちは、田中直毅郵政民営化委員会委員長の「現在のように株式売却の凍結の状況のまま、当面、完全民有民営に至る道筋が成り立たない状況下では、新規の商品を認めるべきではない」*との意見に同意する。日本政府は、郵政民営化委員会の意見を正式に政府の意見として採用すべきである。また、郵政改革において郵政民営化委員会は強固な役割を果たすべきであるが、今般の郵政民営化委員会事務局の実質的な廃止はそれに逆行するものであり、私たちは大きな懸念を持っている。
- 現在の郵政改革案はWTO協定を遵守していないが、国際的なルールを遵守する形で郵政改革を行うことは可能であり、その方法としてたとえば以下の2つが挙げられる。①民営化によってガナバンスが効く効率的な組織とし、市場規律を働かせ、対等な競争条件を確保した上で新商品や業務拡大を認める方法、②公的金融機関として政府関与を持たせ、政府が市場規律に代わる民間より厳しい規制を課し、業務拡大はせず、民業補完に徹しさせる方法。
- 日本郵政が民営化されるべきか否かについては、日本政府の判断事項であるが、いずれの方法をとったとしても、国際的なルール遵守とグローバルベストプラクティスの採用は必須である。

*国際公共政策研究センターHP　8/25今週のひとこと「郵政民営化委員会の再開について」より

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The Business Case for Reforming Japan Post

A well-executed privatization could boost stocks and help kick deflation.

By NAOMI FINK

Investors have been watching Japan's government reshuffle closely for clues on the direction of economic policy. A key question is how the new government will handle one of the more controversial—and also more important—debates from the previous administration: postal reform. The postal bank's balance sheet totals roughly 200 trillion yen ($2.26 trillion), about one-quarter of the nation's household cash savings. The bank's fate has important business and economic implications too, both inside and outside Japan.

Private-sector Japanese institutions have long been pressured by large-scale government interventions in the financial sector. Massive increases in public intermediary lending arguably obscure price-discovery mechanisms, and have in the past been followed by damage to private-sector profits, while achieving little to no net increase in country-wide lending to small businesses. Meanwhile, uncompetitive margins on private lending might be one reason why the plentiful liquidity provided by the Bank of Japan's loose monetary policies is clearly stopping at banks' doorsteps and flowing into "risk-free" government bonds, which grow more numerous as Tokyo struggles to get its fiscal house in order.

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A well-timed postal privatization could provide immediate support to Japan's fiscal balance, to Japanese assets and to Japan Post itself. Earlier rounds of privatization, especially Japan Railways and the telecom NTT in the 1980s, were big money-makers for the government. If, as seems possible, a series of initial public offerings for large chunks of Japan Post were similar in size to that of NTT, the government would gain a one-time revenue boost of between $70 billion and $80 billion each time it went to market. Assuming competitive pressures over time transformed Japan Post into a profitable institution, this could be a gift that keeps on giving: The government could tax both the bank's profits and the dividends and capital gains of shareholders.

Privatization could also offer a lift to Japan's stock market. Earlier privatizations became catalysts for waves of other private-sector IPOs that tended to boost the market more broadly as successful offers reinforced appetite for new offers. A Japan Post IPO might spark, albeit with a lag, a surge in IPOs of financial, insurance and possibly postal services companies if a newly competitive and transparent postal bank sets a higher standard for private-sector institutions, creating incentives for them to boost their own risk-adjusted profitability. A privatization IPO would be especially helpful now since the market is nearer its trough than its peak; without some spark there would be little interest in bringing other IPOs to market.

This in turn would benefit households and smaller enterprises. Retail investors are typically large buyers at privatization IPOs. Especially if Japan Post's IPO lifted the broader market like NTT and Japan Railways did, that increase in household investment income would itself be antideflationary—an alternative to employment income, which has been stagnant or shrinking.

A second wave of IPOs in a bull market also might provide capital to firms currently unable to tap traditional bank lending, which also would combat deflation. New equity capital from private-sector investors could give rise to demand, in a more competitive financial services sector, for productivity-enhancing investments in both capital goods and human resources. That's a recipe for the "positive cycle" the Bank of Japan has long sought to create.

All these are domestic reasons to privatize Japan Post, but there are international arguments, too. Japan's high propensity to save has made it an attractive market for foreign financial institutions, especially those in need of new capital after the financial crisis. Government intervention in the financial-services industry via its control of the country's largest savings institution is increasingly a sore point for foreign banks.

Japan Post is becoming an international trade headache Tokyo doesn't need right now. The U.S. Trade Representative reportedly is considering filing a complaint against Japan at the World Trade Organization over, among other things, the lack of a level playing field in insurance, noting the overwhelming presence of state-backed activity. U.S. financial institutions are expressing concern that expansion of Japan Post's savings cap would give it an unfair advantage over foreign competitors who would have to attract depositors without the postal bank's implicit government guarantee. In terms of savings deposits and loans (core businesses for Japanese banks), foreign banks hold roughly 1% market share in each.

Privatizing the postal bank and insurance company would be significant steps toward leveling the playing field for foreign institutions. Notably, this is one of those rare trade cases that is not exclusively beneficial to foreign firms—reduced government intervention might very well improve competition as a whole within the Japanese financial-services sector.

Major privatizations almost always face stiff political opposition, and Japan Post is no exception. The previous government had proposed stopping further moves toward privatization, while increasing deposit limits and insurance-coverage caps at the postal bank. Those plans are now on hold at least until after the July 11 Upper House elections. As the debate drags on, Tokyo needs to remember that in delaying postal privatization, Japan is missing a big opportunity to lift itself out of its deflationary funk.

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The Big U-Turn: Japan Threatens to Reverse Postal Reforms

Gary Clyde Hufbauer and Julia Muir

Gary Clyde Hufbauer, *Reginald Jones Senior Fellow since 1992, was the Maurice Greenberg Chair and Director of Studies at the Council on Foreign Relations (1996–98), the Marcus Wallenberg Professor of International Finance Diplomacy at Georgetown University (1985–92), senior fellow at the Institute (1981–85), deputy director of the International Law Institute at Georgetown University (1979–81), deputy assistant secretary for international trade and investment policy of the US Treasury (1977–79), and director of the international tax staff at the Treasury (1974–76). Hufbauer has written numerous books on international trade, investment, and tax issues, including* Figuring Out the Doha Round *(2010) and* US Taxation of Foreign Income *(2007).* **Julia Muir** *has been a research analyst at the Peterson Institute since March 2010.*

On May 31, 2010 a majority of the Lower House of the National Diet of Japan approved legislation that would reverse a decade's worth of effort to fully privatize key subsidiaries of Japan Post Holdings Co. Ltd. Besides postal services, the state-run postal system offers banking and insurance services, through Japan Post Bank (JPB) and Japan Post Insurance (JPI), respectively. These are the financial engines of Japan Post and were the units slated for privatization. Both subsidiaries have long received favorable government treatment, tilting the playing field against private banks and insurance firms, whether foreign or domestic. The government of Japan is in clear violation of its commitments under the World Trade Organization (WTO), and if the Upper House approves the legislation, Japan will reverse the efforts made by the United States and the European Union, as well as domestic private banks and insurance firms, to establish a level playing field. What's more, Japan risks having a formal WTO dispute brought against it.

Former LDP Prime Minister Junichiro Koizumi made privatization of Japan Post a signature issue. In 2005, a bill to fully privatize Japan Post was passed, and by October 1, 2007, the state-run postal service was split into four companies under the umbrella of Japan Post Holdings Co. Ltd. The new companies are Japan Post Service, Japan Post Network, Japan Post Bank, and Japan Post Insurance. Under the Koizumi reforms, privatization of JP Holdings and the two financial subsidiaries was scheduled for completion by 2017.

In 2009, former DPJ Prime Minister Yukio Hatoyama campaigned on reversing the Koizumi reforms. Together with kingmaker Ichiro Ozawa, then secretary-general of the Democratic Party of Japan (DPJ), and Shizuka Kamei, then minister of state for financial services and postal reform, Hatoyama was well on his way to achieving this objective. On May 31, with almost no debate, the Lower House approved the legislation to reverse the Koizumi plan. The legislation would restructure JP Holdings and allow the government to hold one-third of its shares indefinitely, essentially a controlling position. Under the new legislation, JP Holdings, Japan Post Service, and Japan Post Network would be merged into a single holding company. JPB and JPI would then be subsidiaries of the newly merged parent company, with at least one-third of their shares held indefinitely by the holding company.

Following Hatoyama's surprise resignation on June 2, it was unclear what the fate of the postal legislation would be. As long as Hatoyama was prime minister, the government hoped to pass the bills before the Diet adjourned on June 16. However, on June 10, the DPJ, led by Hatoyama's successor Naoto Kan, announced that consideration of the postal bills would be postponed until the next Diet session, which will convene by mid-August 2010. The next day, Kamei, chief architect of the bills, announced his resignation from the cabinet. He had been pushing the DPJ to extend the current Diet session by two weeks in order to pass the bills. Now the legislation will have to start over in the new Diet.

Japan's proposed reversal of the Koizumi postal reforms and its refusal to consider the interests of private banks and insurance firms are bad news for the existing trading system and rules of liberal services trade.

Kamei was able to arrange for the secretary-general of the People's New Party (PNP), Shozaburo Jimi, to be named as his successor. The DPJ does not hold a majority in the Upper House, which means it relies on the support of the coalition party PNP to pass legislation. The Kamei-drafted postal legislation is not out of the picture, as Prime Minister Kan signed a "letter of confirmation" of the coalition with the PNP upon Kamei's resignation and committed to "seeking the prompt passage" of the legislation at the next Diet session. The government is, however, showing some signs of cooperation toward appeasing the demands of the private banks and insurers. The week of June 14 Kan signed onto a previous cabinet order "stating Japan will comply with its WTO commitments when considering postal reform legislation."[1] Nevertheless, it is still anyone's guess how the DPJ will proceed.

The current draft of the postal legislation is designed to tilt the playing field even further in favor of Japan Post and clearly violates Japan's commitments in the WTO. Consequently, the United States and the European Union have vigorously lobbied the Japanese government to reconsider the Japan Post bills, even to the point of holding joint high-level WTO talks with Japan in Geneva. This suggests that without dramatic changes by Japan, things are headed toward a formal WTO dispute, one which Japan would likely lose.

PREFERENCES TILTING THE PLAYING FIELD

At the end of the second quarter of 2009, employment in JP Holdings and its subsidiaries numbered 226,000, a roster that makes the company a potent force in Japanese politics. With ¥177 trillion in deposits (roughly $ 1.9 trillion),[2] JPB is the largest financial institution in the world.[3] It holds approximately 31 percent of Japan's total bank deposits and maintains the nation's largest network of branches, all nestled in post offices. JPI is Japan's largest insurance provider, with ¥7.9 trillion (about $86.6 billion) of annual premium income, effectively controlling 23 percent of the domestic market.[4] Together, these two companies have assets of more than $3 trillion. Both receive preferences that allow them to operate outside the normal regulatory framework. These preferences include:

- preferential (near-exclusive) access for provision of savings deposits and insurance services through the post office network;
- exemptions from a range of provisions under the Insurance Business and Banking Laws, including from licensing requirements and bank and insurance holding company rules; and
- exclusive access to subsidized revenues (through cross-subsidization between JP Holdings entities) from over 50 million government-guaranteed and privileged insurance policies sold by Japan Post prior to October 2007.

These and other preferences give JPI and JPB a decisive and unfair advantage over private banks and insurance firms in market access, regulation, and financial credibility.

Market Access

The mandate of JP Holdings is to provide the "largest collection and delivery networks [...] continuously providing universal services."[5] Through the Japan Post network of roughly 24,500 post offices located in all 47 prefectures, JPI and JPB have preferential (near-exclusive) access for the provision of savings deposits and insurance services. By contrast, private insurers have access to just 1,000 post offices, in which they are permitted to sell only a limited range of policies (term life and supplemental insurance), whereas JPI, which operates in over 22,000 post offices, has the right to sell its entire range of products. The ability to provide banking and insurance services through the post office network allows JPB and JPI

1. "U.S. Industry Sees Hope for Japan Post Bill Addressing WTO Issues," *Inside U.S. Trade*, June 18, 2010, www.insidetrade.com.

2. All dollar amounts are calculated using the June 2010 exchange rate of ¥91.51 = $1.00, available at Bloomberg, www.bloomberg.com/markets/currencies/fxc.html.

3. Japan Post Group, *2009 Japan Post Group Annual Report*, March 31, 2009, www.japanpost.jp/en (accessed on May 26, 2010).

4. Ibid.

5. JP Holdings Co. Ltd., "Japan Post Group Identity," www.japanpost.jp/en (accessed on May 25, 2010).

to capture a large segment of the market due to the impression that their financial services are government-guaranteed, as they were until recently.

Regulatory Framework

As public entities, JPI and JPB are exempt from the rigorous regulatory oversight that all other banks and insurance companies must face. The Financial Services Agency, responsible for the regulation of all banking and insurance services, supposedly regulates JPB and JPI. However, JPI is granted preferential treatment through the Insurance Business Law, which governs the actions of all other private insurers. Private insurance companies (domestic and foreign) are subject to strict licensing requirements as specified in Chapter I, Article 3(1) of the Insurance Business Law, which states:

> [N]o insurance business may be operated without having obtained a license from the Prime Minister.[6]

JPI is exempt from these requirements, being entitled to fully engage in the life insurance business without undergoing any licensing regulatory approval processes.

Financial Credibility

Kampo and Yucho, predecessors of JPI and JPB, enjoyed a government guarantee of full payment to all holders of insurance policies and savings deposits. Kampo was also not obligated to make payments to the Life Insurance Policyholder Protection Corporation, unlike all other domestic and foreign companies, which must pay insurance premiums under the terms of the Insurance Business Law. Similarly, Yucho was not obligated to pay deposit insurance premiums to the Bank of Japan. The Life Insurance Association of Japan estimates that Kampo saved ¥92.2 billion (about $1 billion) between 1993 and 2002, while payments for private insurers amounted to ¥638 billion (roughly $6.9 billion) during that same period.[7] The Koizumi initiative has eliminated the government guarantee of full payment to all holders of JPI insurance policies and JPB savings deposits. However, both companies continue to enjoy a "de facto" government guarantee as they remain 100 percent government-owned-and-controlled entities and are the very definition of "too big to fail."

6. Legislation Japan, Insurance Business Act no. 105, www.fsa.go.jp, page 21 (accessed on May 28, 2010).

7. Life Insurance Association of Japan as quoted in American Chamber of Commerce in Japan, *Applying Privatization Global Best Practices to Japan Post*, August 2004, www.accj.or.jp (accessed on June 2, 2010)

WTO AND BILATERAL COMMITMENTS

Japan did not take an exemption when it signed the General Agreement on Trade in Services (GATS) in 1994. Thus, from the first days of the WTO era, the operations of Japan Post and its financial units were inconsistent with National Treatment Article XVII:1 of the GATS, which states:

> [E]ach Member shall accord to services and service suppliers of any other Member, in respect of all measures affecting the supply of services, treatment no less favorable than that it accords to its own like services and service suppliers.

Article XVII:3 goes on to explain:

> [T]reatment shall be considered to be less favorable if it modifies the conditions of competition in favor of services or service suppliers of the Member compared to like services or service suppliers of any other Member.

The language of Article XVII clearly shows that the operations of JP Holdings have been inconsistent with Japan's commitments. However, private foreign banks and insurance firms were given relatively fair treatment in the Japanese market; they suffered no more discrimination from Japan Post's dominant position than private Japanese banks and insurance firms. The current postal legislation, however, contains elements that are newly inconsistent with the government of Japan's national treatment obligations under the GATS, thereby threatening to not only derail the Koizumi reform train but also exacerbate existing violations of Article XVII by the Japanese government. At issue is not only a debate between Japan on the one hand and the United States and the European Union on the other. It is also a question of leveling the playing field for private insurers and bankers, whether domestic or foreign. The United States and the European Union worked for years to get the Japanese government to implement reforms, and Koizumi's proposed privatization plan was in part designed to respect Article XVII and level the playing field for all private firms. However, the new legislation will reverse these efforts to create a fair and competitive market. The proposed postal legislation would not only further violate Japan's commitments under GATS but also set a dangerous precedent for other Asian countries, notably Korea and China, which all operate similar "all purpose" postal services.

The United States has a clear interest in the Japanese banking and insurance markets. At the end of 2009, US foreign direct investment stock in the Japanese financial and insurance sector was approximately $29 billion.[8] US balance

8. US Department of Commerce, Bureau of Economic Analysis, www.bea.gov

of payments earnings for financial services[9] in Japan were $1.2 billion, plus another $0.9 billion for insurance services.[10] US insurance companies account for 12.2 percent of the Japanese life insurance market. Under the new legislation, US firms would face substantially increased competition from JPB and JPI, which benefit from a range of favorable treatment by the government, as described earlier.

REVERSALS UNDER THE NEW LEGISLATION

Under the new postal legislation, the preferences that JPI and JPB already enjoy will become more pronounced. The government will retain a minimum one-third share of the restructured JP Holdings, and the caps will be raised from ¥13 million ($140,000) to ¥25 million ($270,000) for insurance policies and from ¥10 million ($100,000) to ¥20 million ($220,000) for savings deposits. Moreover, JPI and JPB will be able to expand their scope of business. The current regulatory framework requires *approval* by the Financial Services Agency and Ministry of Internal Affairs and Communications, which are required to "listen to the opinion" of the Postal Privatization Commission before new lines are offered. Under the new bills only a *notification* is required. Cross-subsidization between entities under the JP Holdings umbrella would also be made easier under the proposed legislation.

Under the new legislation, US firms would face substantially increased competition from Japan Post Bank and Japan Post Insurance, which benefit from a range of favorable treatment by the government.

These prospective changes rightly alarm private insurance companies and banks. For private insurers the more lenient requirements for JPI business expansion, coupled with a doubling of the JPI insurance cap, would give JPI the advantage of underwriting a range of new products. The lopsided regulatory environment would also allow JPI to increase its market share in new sectors while limiting the operational freedom of private companies. For the banking industry, the doubling of deposit limits, coupled with the de facto government guarantee, could prompt a shift of funds from commercial banks to JPB.

SETTING A PRECEDENT?

Korea, China, and India all have postal companies that offer banking and insurance services. All three are signatories to GATS. Among these, Korea is the only one that scheduled exemptions in financial services. Korea's exemptions fall under the GATS Most Favored Nation (MFN) Article II and relate to banking and other financial services. Its schedule of exemption states that:

> [F]uture liberalization measures affecting the entry and provision of financial services in or relating to the Republic of Korea will be granted only to those countries that accord MFN treatment to financial services or financial service suppliers of the Republic of Korea.

Korea's reciprocal exemption applies to all countries and is indefinite. In addition, Korea scheduled limitations on national treatment under its GATS commitments with respect to business operations.[11]

While China did not schedule any exemptions, the implementation of its commitments has come under scrutiny. Under China's schedule of commitments, foreign life and non-life insurers and insurance brokers are permitted to provide services in specific cities but with limitations on the scope of life insurance products. China's commitments to liberalize banking and other financial services have similar restrictions. These limitations are to be phased out over time; however, China's compliance has been questioned. US and EU disputes have been lodged in the WTO concerning measures affecting foreign suppliers of financial information services (e.g., Reuters and Bloomberg).

China Post Group includes China Post Savings Bank (CPSB) and China Post Life Insurance (CPLI). While both companies are fairly new (CPSB was launched in early 2007 and CPLI was approved in September 2009), their goals are similar to that of Japan Post: establishing the largest banking and insurance network in the country. CPSB is already the country's second largest bank in terms of outlets and fourth largest bank in terms of deposits, totaling roughly $290 billion in 2009.[12]

(accessed on May 26, 2010).

9. Financial services cover financial intermediary and auxiliary services except those of insurance enterprises and pension funds, conducted between residents and nonresidents.

10. OECD Statistics, http://stats.oecd.org (accessed on May 26, 2010).

11. Korea's schedule of commitments includes limitations on national treatment and market access in banking services in terms of deposits, loans and settlements, plus limitations in the life, nonlife insurance and reinsurance sectors. These include limits to commercial presence and operations.

12. "ChinaCast Education's Subsidiary China Post Media Signs Exclusive 10-year Agreement with the China Post Group," *Wall Street Journal Market Watch*, June 2, 2010, www.marketwatch.com (accessed on June 2, 2010).

Korea and India have similar systems, and while their postal savings banks and postal insurance providers have not achieved the scale of JPB and JPI, they have taken advantage of their expansive postal networks to capture remote rural markets. If the new bill for JP Holdings is passed, then Korea, India, and especially China, may pursue similar regulatory protection.

CONCLUSION

Japan's proposed reversal of the Koizumi postal reforms and its refusal to consider the interests of private banks and insurance firms are bad news for the existing trading system and rules of liberal services trade. The exclusion of the world's largest financial entity from rigorous oversight generates systemic risk, and this risk would dramatically increase if JPI and JPB were permitted to enter into new business areas such as lending without the appropriate know-how. Even Bank of Japan Governor Masaaki Shirakawa has noted as much on more than one occasion.[13] Additionally, the diversion of even more resources from the Japanese private sector into the funding of government products will only contribute to the continued stagnation of the Japanese economy. Moreover, Japan would be setting a dangerous precedent for other Asian countries.

If the Diet passes the postal legislation in the next session, Japan would expand the violation of its obligations under the WTO, ignore its G-20 commitments to resist protectionism, and alienate its close economic partners in the United States and Europe. The bills would create a system that allows JP Holdings to dramatically expand its dominance in banking and insurance. If Japan goes down this road, other Asian powers will surely take note, and some will be tempted to emulate the Japanese example. This would truly represent a major step backward for the global economy.

13. "Highlights of BOJ's Shirakawa: see sign of sustainable recovery," Reuters, April 7, 2010, www.reuters.com.

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Return to sender

Mar 31st 2010 | TOKYO
From The Economist print edition

Japan Post, the world's biggest bank, is handed an unfair advantage

THE Japanese cabinet is a contentious lot. When Shizuka Kamei, the minister of financial services and postal reform, unveiled plans in March to halt the planned privatisation of Japan Post, several ministers publicly balked. The finance minister was shouted down on TV by Mr Kamei.

On March 30th the government adopted Mr Kamei's plans nonetheless. Japan Post, which is not only a post office but also the world's biggest bank, with assets of more than ¥300 trillion ($3.2 trillion), will be allowed to double the amount of deposits it can take from a customer to ¥20m. Its life-insurance unit, which controls 40% of the market, will be permitted to raise its coverage limit to ¥25m from ¥13m. The government will retain a stake of more than one-third, giving it veto power.

Japanese bankers grumble that increasing the maximum deposit, with its implicit guarantee, gives the postal bank a huge advantage. Japanese savers tend to shift their wealth to the post office for safety. Half of all household assets are in cash or bank deposits, which amount to more than ¥800 trillion. American and European officials are considering going to the World Trade Organisation over access to post offices to sell insurance, among other things.

The policy amounts to "renationalisation", and throws Japan's financial markets "back to the past", complains Heizo Takenaka, an economist who shepherded postal privatisation in 2001-06 for the then prime minister, Junichiro Koizumi. Japan Post has long been a tool of the state. Over 80% of its funds are used to buy Japanese government bonds; it holds one-third of the ¥683 trillion market. This, in turn, has allowed the government to finance pork-barrel projects, diverting funds from more productive uses. It was for these reasons that Mr Koizumi outlined plans to privatise Japan Post by degrees between 2007 and 2017. His scheme included a sale of shares to the public as early as this year. That would have helped the government pare its debt (around 200% of GDP) and probably given a pleasant lift to the stockmarket.

But as soon as Mr Kamei took office in September, he signalled a halt to privatisation. His interest was in keeping post offices open in rural areas, where they are considered the heart of the community. He also wants the postal bank to provide loans as a way to revitalise rural regions, further infuriating other Japanese banks.

The saga is a symbol of the government's reluctance to restructure the economy. After six months in power, the Democratic Party of Japan (DPJ) has shied away from many of its promised reforms, such as spending cuts. On March 24th the government passed a ¥92 trillion budget for the fiscal year starting in April, almost half of it financed by government debt: the decision on Japan Post will help secure continued demand for its bonds.

The imbroglio also raises the question of who runs the country: the prime minister, Yukio Hatoyama, or Mr Kamei, the gadfly leader of a small coalition party, whose six parliamentarians give the DPJ its majority in the upper house of the Diet. The DPJ believes it needs Mr Kamei's support for upper-house elections this summer. But appeasing him only ends up making the government look hapless.

THE WALL STREET JOURNAL.
WSJ.com

OPINION | MARCH 29, 2010

Post-Post-Reform Japan

Hatoyama contemplates reinstating a government slush fund

Japanese Prime Minister Yukio Hatoyama, contemplating his first six months in office Friday, told a press conference that "because we were inexperienced some problems did occur." That's an understatement: Look no further than the unfolding brawl within the government over postal reform.

Japan Post doesn't merely deliver mail. It's the world's largest financial institution by assets, with $3.3 trillion on its balance sheet. When Mr. Hatoyama's Democratic Party of Japan took power in September, one of its first economic acts was to freeze the postal privatization started by former Prime Minister Junichiro Koizumi. Now one cabinet minister wants to dig the antireform hole even deeper.

Postal and Financial Services Minister Shizuka Kamei said Wednesday he would like to increase the per-depositor cap on deposits at the postal bank to 20 million yen ($216,000) from 10 million yen. He would also raise the cap on individual insurance to 25 million yen from 13 million yen. Mr. Hatoyama quickly backtracked from the statement, as did National Strategy Minister Yoshito Sengoku, but Mr. Kamei's party is key to the ruling coalition and he's refusing to back down. The cabinet is due to discuss the issue further this week.

As this debate unfolds, leaders may want to consider how central Japan Post's fate is to the health of the economy. Right now, the government-owned postal bank mostly recycles savers' money into government bonds—which are often used to fund wasteful infrastructure spending, or are squirreled away as cash on various government balance sheets.

Mr. Kamei's proposal would exacerbate these distortions. One major problem is that, when offered a choice between the security of a government-owned bank or the supposed risk of a private bank, many depositors prefer the former. That's what happened the last time the deposit cap was increased, to 10 million yen from seven million yen in 1991.

Optimists may argue that now, with the financial system more stable than it was then, depositors will be less likely to flee to postal safety. But that's both rosy and short-sighted. Even if depositors don't move their money now, they'd have greater scope to do so if Japan faces another banking crisis in the future. Mr. Kamei is installing a tap through which money could leave the private banks at the worst possible time.

More broadly, the outcome of this postal debate will say a lot about how well Messrs. Hatoyama, Kamei and colleagues understand the broader problems facing Japan's economy. Mr. Kamei's postal proposal comes when the government is also putting more pressure on the central bank to flood yen into the economy to fight deflation. With the benchmark interest rate already near zero, one implication is that Mr. Hatoyama and his government would like the central bank to monetize government debt—printing money to buy government bonds—to expand the money supply.

Yet now Mr. Kamei is contemplating a step that would effectively "debtify" the money by soaking up cash from depositors and parking it in government bonds. Successive governments have used these bonds to finance public works spending, and Mr. Kamei also claims he'd like to see Japan Post engage in more small-business lending. We'll believe a bureaucrat can make a better pro-growth credit decision than a private banker when we see it.

Mr. Kamei may not care as much about the economics as about the politics of postal reform. Around 24,500 Japan Post offices dot the countryside, providing jobs for nearly 440,000 employees—who are also voters. Note he also suggested converting 100,000 of Japan Post's "irregular" workers into normal staffers entitled to full benefits, at a cost of an additional 300 billion yen a year. Especially with an election looming for the upper house of parliament this summer and Mr. Kamei's small People's New Party fighting for its future in the ruling coalition, he may think his plan is good electoral politics.

It's terrible economics, however, and that makes it awful politics for Mr. Hatoyama himself. Voters tossed out the Liberal Democratic Party last year in part out of frustration with the LDP's failure to deliver growth. This week provides an opportunity for Mr. Hatoyama to reflect on whether he can afford to spurn one of the few important economic reforms left from the LDP era.

THE WALL STREET JOURNAL.
WSJ.com

OPINION ASIA | MARCH 28, 2010

Killing Postal Reform Won't Help Japan

The Hatoyama government is cloaking fiscal profligacy in populist cant.

By GEORGE MELLOAN

It was perhaps inevitable that the opponents of Junichiro Koizumi's 2007 privatization of the Japanese postal savings system would some day regain power and scuttle his bold reform. Indeed, that was one of the first moves by the Democratic Party of Japan when it ended the postwar dominance of Mr. Koizumi's Liberal Democratic Party in the general election last summer. LDP defectors who had opposed privatization aided the DPJ victory.

Postal service privatization, intended to proceed gradually over 10 years, was halted last November by the DPJ. Last week the government of Yukio Hatoyama announced that the state will not complete privatization but instead will retain a controlling interest in Japan Post Holding Co. Moreover, it will try to expand the system by doubling the limit on the size of postal savings accounts and nearly doubling the ceiling on postal insurance policies.

While cloaked in populist cant, these measures are coldly calculated. Populist governments need money—lots of it—and for decades before Mr. Koizumi embarked on reform, the postal savings system provided the government with cheap financing. A high percentage of its massive $3.3 trillion in assets are government bonds.

Proof of an urgent need for more money accompanied the news that the postal system will remain in government hands. The DPJ announced a $1 trillion "stimulus" budget for the coming fiscal year, of which nearly half will have to be financed with borrowing. No wonder Japanese savers will be encouraged to double the size of their postal accounts. Such accounts will continue to yield only a tiny fraction of a percentage point in interest (although the yield is more in real terms because of Japanese deflation). And no wonder the government wants to retain control of a system that has enabled it to run up the highest national debt of any industrial country, a stack of IOUs double the size of the country's total annual production, or GDP. By contrast, the Obama administration, which is also on a reckless borrowing binge, has only managed to push the U.S. government's debt held by the public up to 53% of GDP so far. But give them time.

Postal accounts in Japan for years attracted millions of small savers with their convenience and safety, despite the niggardly return on investment. The high Japanese savings rate, attributable to relatively modest living arrangements and a limited old age safety net, has enabled Japan to finance its huge government debts domestically without resort to borrowing from abroad. Only about 4% of Japan's debt is in foreign hands, compared to 48% of tradable U.S. government securities.

But the DPJ's efforts to turn back the clock to the glory days of the LDP spend-and-elect machine may prove to be far harder than its strategists now think. The Japan of today is not the Japan of 25 years ago and postal savings is no longer the cash cow it once was. As the Japanese population ages, more and more elderly savers are cashing out their accounts to meet living costs, which gives the postal system less capacity to buy government debt. More importantly the Japanese are becoming more sophisticated about investment, have a far greater diversity of opportunities and are finding alternatives to post office accounts. Mutual funds that invest in significantly higher yielding foreign securities are doing a brisk business with the Japanese public.

Japan's financing strategy has other weaknesses. The government has managed to keep the yen strong despite its heavy borrowing not only because of its high savings rate but also its ability to build up a huge foreign currency reserve through its traditional focus on producing for export. It recently surpassed $1 trillion in reserves, second only to China.

But like China, Japan has good reason to worry about whether its huge dollar bet will retain its value. The dollar is looking less and less sound as the present U.S. Congress and administration prove to be just as reckless in public spending as Japanese governments have been in the past. "Stimulus" programs in the U.S. are working about as well as they have in Japan, which is to say not at all. And unlike the Japanese, the Americans don't have a big foreign currency kitty and a high savings rate to protect their currency from losing value. Japan's dollar bet is looking shakier as debt rating agencies threaten to downgrade the triple-A rating on U.S. Treasury securities.

Japan's central bank is acknowledging the yen-dollar mismatch by cranking out more yen to weaken its value relative to the dollar. The implications of this measure are yet to be seen, but obviously the Bank of Japan believes it is a safe move at a time when Japan is experiencing deflation. Keeping up with dollar devaluation might prove to be quite a chore, however, if the U.S. continues its present course.

And then there is the question of how popular the government's latest measures are with the Japanese people. A more sophisticated Japanese public is far more aware than in the past of how the postal savings system exploited small savers for so many years. That awareness derives partly from Mr. Koizumi's success in gaining support for his reforms. The Japanese press has been less than enthusiastic about the interruption of the privatization program. Banks and insurance companies that were promised a more level playing field when the government got out of their business have been complaining loudly. And Mr. Hatoyama's government has shown little sign that it has better answers for Japan's economic weakness than the government it replaced. Certainly trying to keep savings under government control is not such an answer.

Turning back the clock has a certain appeal for Japan's old-line LDP politicians and the leftists who have given their support to the DPJ. But from the outside looking in it is uninspiring.

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