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For immediate release

ACCJ, EBC and ANZCCJ Welcome Futai Ketsugi as Step Toward Necessary Revision of Company Law Article 821

June 28, 2005 (Tokyo) – The American Chamber of Commerce in Japan (ACCJ), European Business Council in Japan (EBC) and Australia/New Zealand Chamber of Commerce in Japan (ANZCCJ) announced today that they strongly welcome the constructive measures taken by the Diet and the Government of Japan to clarify their interpretation regarding issues arising from Article 821 of the new Company Law bill. The Company Law bill passed the Judicial Affairs Committee of the House of Councilors today introducing a broad modernization of Japanese corporate laws. However, Article 821 thereof in particular raised major potential problems for foreign companies. The Diet and the Government of Japan worked closely with the ACCJ, EBC and ANZCCJ regarding various concerns that Article 821 raised among foreign companies.

Foreign companies' concerns regarding Article 821 are that it could require numerous foreign companies, which have been contributing to the Japanese economy and operating for many decades in the form of a duly registered foreign company branch, many with licenses and approvals from various government agencies as required, rather than in the form of a subsidiary company incorporated in Japan, to immediately change their existing structures and reincorporate as a Japanese company. In such case, Article 821 would require many foreign companies to reapply for licenses and approvals from various government agencies; transfer employees to the new corporate entity; bear various substantial taxes and other significant costs; and risk the voiding of various contracts and labor collective bargaining agreements.

The above mentioned foreign-affiliated economic organizations are comprised of member corporations which employ thousands of Japanese employees and pay substantial taxes to the Japanese government. These organizations have worked diligently with the Diet, Ministry of Justice and Financial Services Agency (FSA) to confirm that Article 821 of the Company Law bill would not apply to good corporate citizens such as those who are their members. The ACCJ, EBC, and ANZCCJ welcome the Diet questions and answers and Supplemental Resolution acknowledging that Article 821 should not apply to the vast majority of foreign companies. They note, however, that it will be essential going forward that all related circulars, manuals, guidelines, etc. should be promulgated in consultation with foreign economic organizations to further allay concerns regarding Article 821. These organizations look forward to continuing to work with the Government of Japan to accomplish this



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objective. Moreover, as an immediate next step separate from such work on related circulars, etc., the three organizations look forward to working with the Diet and the Government of Japan "in view of the effect, etc., that Article 821 of the Company Law has on foreign companies...[to] consider revising it as necessary," in accordance with the public commitments made in the Supplemental Resolution enacted today. The ACCJ, EBC and ANZCCJ value their cooperative relationship with the Government of Japan and the Diet and believe that this relationship will have a positive impact on preserving existing foreign investment in Japan, as well as promoting new foreign direct investment into Japan, which is an important objective of the Government of 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 3,000 individual members representing more than 40 countries and 1,400 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>.

About the EBC

The European Business Community (EBC) is the trade policy arm of the 18 European national chambers of commerce and business associations in Japan. Established in 1972, the EBC works to improve the trade and investment environment for European companies in Japan. The EBC currently represents more than 3,000 local European companies and individuals who are members of their national chambers of commerce. Some 400 of these companies participate directly in the EBC's 28 sector-based committees.

About the ANZCCJ

The Australian and New Zealand Chamber of Commerce in Japan (ANZCCJ) was established in 1991 when the Australian Chamber of Commerce (which had existed since the 1970s) agreed with New Zealand's Embassy in Japan that a joint business organisation in Japan would be of benefit to both countries. The ANZCCJ is comprised of companies, organisations and individuals from Japan, Australia, New Zealand and a range of other countries and has over 400 members, making it one of the larger foreign business chambers in Japan. The ANZCCJ's objective is to promote and strengthen the business and cultural ties between Japan, Australia and New Zealand. Further information is available on the ANZCCJ website, <http://www.anzccj.jp>.

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