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Title	<i>European firms pleased at Japan's reform but need much more.</i>

European firms operating in Japan on Monday praised Japanese government efforts to deregulate the domestic market, but said more must be done to catch up with countries with fairer systems.

"In general, the European Business Community in Japan (EBC) feels that the atmosphere for reform has been quite positive," said Isabelle Hupperts, chairperson of the EBC, in a gathering in Tokyo to release the EBC's report on the Japanese business environment in 2001.

The EBC is the trade policy arm of 13 European national chambers of commerce and business associations in Japan and represents some 3,000 European companies and individuals.

Hupperts noted that a number of issues raised in last year's report, the first annual report on the business environment in Japan by the organization, have been addressed by the Japanese government, including the introduction of a "no-action letter" system.

But she said the potential for reform remains to a large extent unfulfilled, adding, "It is easier to get products approved for sale, but it still takes longer and costs more than Europe."

"A persistent lack of transparency and clarity in the Japanese regulatory regime also makes it extremely difficult for firms to accurately predict the consequences of business decisions," said Hupperts, who is also chief representative for Japan and the Asia-Pacific region of the Societe Generale de Belgique, Belgium's largest conglomerate.

This year's report, subtitled, "Supporting the Reform Process," provides an up-to-date assessment of the Japanese business environment in 27 key areas -- from e-commerce, cosmetics and liquor to asset management and pharmaceuticals -- from a European industry perspective.

Representing the EBC Telecommunications Carriers Committee, Lisa Suits, vice president of C & W IDC Inc., said the EBC welcomes the introduction of the "dominant carrier" concept in Japan in revisions to the Telecommunications Business Law earlier this year.

However, the EBC recommends the Japanese government enact implementing rules to regulate dominant carriers such as Nippon Telegraph and Telephone Corp.

"As long as dominant carriers in both fixed line and mobile are allowed to operate unfettered in the market place, smaller competitors will have difficulty establishing a foothold," it said.

Reports from other industry representatives included complaints about expensive fares and charges.

Gregor Wende, general manager of Lufthansa in Japan, said the government should halve landing fees at Japanese airports, which are currently "well above the next highest in the world."

Arthur Hawtin, director of Currie & Brown (Japan) Ltd. who chairs the EBC Construction Committee, noted, "The Aqualine (expressway) that was built across the Tokyo Bay, is much shorter than the channel tunnel (between Britain and France), but double the price."

Hawtin said the government must introduce "more competition and more innovation" to the construction industry as there are too many firms chasing too little work.