

Despite the reforms to date, foreign institutions have raised a number of concerns regarding their ability to compete in the Japanese market, including:

- reciprocal entry requirements;
- a general lack of transparency;
- delays in the regulatory approval of new financial products;
- disproportionately high tax rates placed on new financial products that discourage their introduction;
- government protection of incumbents in specific market segments, blocking entry of other domestic and foreign firms;
- tightly compartmentalized markets, blocking entry of firms whose specialty is outside particular market segments;
- conditional entry requirements to ensure foreign firms are not able to service the market or compete effectively in it; and
- the application of regulation is often on a case-by-case basis with authorities.⁷⁸

While there are a number of foreign financial institutions in Japan -- including commercial banks, trust banks, securities companies, insurance companies, investment trusts, investment advisory firms and pension fund managers -- this Paper will focus on commercial banks and insurance companies.

and Decentralization", in *Denver Journal of International Law and Policy*, Vol. 21, No. 2, University of Denver, Denver, CO, Winter 1993, pp. 361-99.

⁷⁸ See T. Papailiadis, *The Canadian and Japanese Financial Services Industries*, The Conference Board of Canada, Report 46-89-DF, Ottawa, October 1989, p. 1; B.W. Semkow, "Foreign Financial Institutions in Japan", in *Law Policy in International Business*, Vol. 23, No. 2, Georgetown University Law Center, Washington, D.C., 1991-92, p. 334; and C.F. Bergsten and M. Noland, *op. cit.*, p. 169.