associations with regard to the development of guidelines and proposed changes to regulations and framework laws governing the financial sector.

- There should be an acceleration of the approval process for new insurance products in Japan. Currently, it takes far too long, with the Ministry of Finance and the Life Insurance Association of Japan (with foreign under-representation) taking up to four years to review a product, during which time competing firms are free to develop similar products.

- We should support efforts to ensure that a comprehensive insurance system reform bill is passed in Japan, including provisions for liberalization of the life and non-life insurance markets (in addition to areas such as personal accident and disability insurance, which are not yet liberalized, but where foreign firms already have a significant market share). Reform should also include the lifting of restrictions that prevent life insurance companies from offering non-life policies, and vice-versa.

- Even though cross shareholding formalizes business relationships that already exist as opposed to creating new ones, we could explore tax incentives or other procedures to stimulate greater trading of shares of non-financial firms, since about 70% of shares in Japan are never traded. The *keiretsu* culture tends to narrow the prospective sphere of lending by foreign banks in Japan to "second-tier" companies not affiliated with an industrial group. More active share trading could permit foreign banks to buy more easily, although modestly and carefully in keeping with prudential concerns, into major Japanese firms, thus helping to underpin a longer term relationship, with enhanced potential for a fuller financing role with regard to "first-tier" companies.