

NATIONAL FOREIGN TRADE COUNCIL, INC.

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November 17, 2008

Mr. Shoichi Nakagawa
Minister of Finance
Minister of State for Financial Services
3-1-1 Kasumigaseki, Chiyoda-ku, Tokyo, 100-8940, Japan
FAX: 03-5251-2100

Mr. Kaoru Yosano
Minister of State for Economic and Fiscal Policy , Regulatory Reform
1-6-1 Nagatacho, Chiyoda-ku, Tokyo, 100-8914, Japan FAX : 03-3581-0538

Mr. Toshihiro Nikai
Minister of Economy, Trade and Industry
1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8901, Japan
FAX: 03-3501-6589

Dear Finance Minister Nakagawa:

Dear Minister of State for Economic and Fiscal Policy Yosano:

Dear Minister of Economy, Trade and Industry Nikai:

The National Foreign Trade Council, organized in 1914, is an association of some 350 U.S. business enterprises engaged in all aspects of international trade and investment. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, and our members have for many years been substantial investors in many foreign countries, among which one of the most significant is Japan. We understand that your government is considering introduction of an emergency tax package to help offset the effects of the current financial crisis. We are writing in support of the proposal to extend the period of time in which losses can be used by corporations. This would be of great benefit to both inward investors, such as our members, but also to domestic Japanese businesses.

Japanese law on the carry-forward of losses for use against profits in future years, limits such carry-forward to 7 years. This is much shorter than the period allowed by almost every other developed country of which we are aware. At this time, when substantial losses are being incurred, especially in the financial sector, it seems clear that a period longer than 7 years will be required to fully utilize such losses. If corporations are required to write off some of these losses because they cannot be utilized in the current 7-year period, that will increase the impact of such losses. It will also make Japan a less attractive place in which to invest, compared to other countries with longer carry-forward periods.

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Our members are committed to investment in Japan, but very hard economic choices have to be made, even for businesses with a long-term view. Our members believe that an increase in the carry-forward period to 20 years (or, preferably, an unlimited period, as in many countries) would significantly increase the likelihood of continued inward investment into Japan.

We hope that you will support this proposal, and our members would be happy to work with you in fashioning an acceptable provision.

Sincerely yours,

A handwritten signature in black ink, appearing to read "W. A. Reinsch". The signature is fluid and cursive, with a prominent initial "W" and a long, sweeping underline.

William A. Reinsch
President