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United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

January 30, 2004

The Honorable Sadakazu Tanigaki
Minister of Finance
3-1-1 Kasumigaseki, Chiyoda-ku
Tokyo 100-8940, Japan
VIA FACSIMILE: 81-3-3597-0895

Dear Minister Tanigaki:

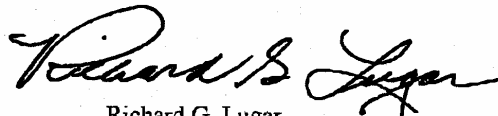
I am writing today regarding the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income between the Governments of the United States and Japan ("Tax Treaty"), which was signed on November 6, 2003. The Tax Treaty will be of mutual benefit to both of our nations and will serve to enhance our important relationship.

I have scheduled a Senate Foreign Relations Committee Hearing on February 25 to review and evaluate the treaty. I anticipate placing the Tax Treaty before the whole Senate for approval shortly thereafter. My goal is to achieve final passage on our part by the end of March. If both the United States and Japan can expedite consideration and passage of the Tax Treaty by March 31, it could go into effect by July 1.

It is my understanding that the Diet is meeting from January to March and is considering budgetary matters. I am hopeful that you also will be able to review and evaluate the Tax Treaty under your required procedures during this time frame.

It would be beneficial to review the Tax Treaty simultaneously with the likelihood of exchanging instruments of ratification by the end of March. Thank you for your consideration.

Sincerely,



Richard G. Lugar
Chairman

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The Honorable Sadakazu Tanigaki
Minister of Finance

cc: The Honorable Takashi Yonezawa, Chairman, Committee on Foreign Affairs (Lower House) VIA FACSIMILE: 81-3-3508-3351

The Honorable Ryotaro Tanose, Chairman, Committee on Financial Affairs (Lower House) VIA FACSIMILE: 81-3-3591-6569

The Honorable Ichita Yamamoto, Chairman, Committee on Foreign Affairs and Defense (Upper House) VIA FACSIMILE: 81-3-3508-2281

The Honorable Sadao Hirano, Chairman, Committee on Financial Affairs (Upper House) VIA FACSIMILE: 81-3-3591-0779

The Honorable Ryoza Kato, Ambassador VIA FACSIMILE: (202) 328-2187

RGL/msm
