40.	Sector	:	Transport
	Subsector	:	Air Transport
	Industry Classification	:	JSIC 4600 Head offices primarily engaged in managerial operations JSIC 4611 Air transport
	Level of Government	:	Central Government
	Type of Obligation	:	National Treatment (Articles 8.4 and 10.3) Most-Favoured-Nation Treatment (Articles 8.6 and 10.4) Senior Management and Board of Directors (Article 10.7)
	Description	:	Trade in Services and Investment 1. The prior notification requirement and screening procedures under the *Foreign Exchange and Foreign Trade Law* apply to foreign investors who intend to make investments in air transport business in Japan. 2. The screening is conducted from the viewpoint of whether the investment is likely to cause a situation in which significant adverse effect is brought to the smooth operation of the Japanese economy.[13] 3. The investor may be required to alter the content of the investment or discontinue the investment process, depending on the screening result. 4. Permission of the Minister of Land, Infrastructure, Transport and Tourism for conducting air transport businesses as a Japanese air carrier is not granted to the following natural persons or entities applying for the permission: (a) a natural person who does not have Japanese nationality; (b) a foreign country, or a foreign public entity or its equivalent; (c) a legal person or other entity constituted under the laws and regulations of any foreign country; and (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b), or (c); a legal person of which one-third or more of the directors are composed of the natural persons or entities referred to in subparagraph (a), (b), or (c); or a legal person of which one-third or more of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b), or (c). In the event that an air carrier becomes a natural person or an entity referred to in subparagraphs (a) through (d), the permission will lose its effect. The conditions for the permission also apply to companies, such as holding companies, which have substantial control over the air carriers. 5. A Japanese air carrier or a company having substantial control over such air carrier, such as a holding company, may reject the request from a natural person or an entity set forth in subparagraphs 4(a) through (c), who owns equity investments in such air carrier or company, to enter its name and address in the register of shareholders, in the event that such air carrier or company becomes a legal person referred to in subparagraph 4(d) by accepting such request. 6. Foreign air carriers are required to obtain permission of the Minister of Land, Infrastructure, Transport and Tourism to conduct international air transport business. 7. Permission of the Minister of Land, Infrastructure, Transport and Tourism is required for the use of foreign aircraft for air transportation of passengers or cargoes to and from Japan for remuneration. 8. A foreign aircraft may not be used for a flight between points within Japan.
	Measures	:	*Foreign Exchange and Foreign Trade Law* (Law No. 228 of 1949), Article 27 *Cabinet Order on Foreign Direct Investment* (Cabinet Order No. 261 of 1980), Article 3 *Civil Aeronautics Law* (Law No. 231 of 1952), Chapters 7 and 8

[13] For greater certainty, absence of reference in this description to “national security”, which is referred to in entries No. 10, 12, 13, 15, 37, 46, 47, 55 and 57 of this List A, does not mean that Article 10.15 (Security Exceptions) and Article 17.13 (Security Exceptions) does not apply to the screening or that Japan waives its right to invoke Article 10.15 (Security Exceptions) and Article 17.13 (Security Exceptions) to justify the screening.