

**Minister's Summary by Minister Yosano****17th Meeting (June 26, 2006)**

- (1) Integrated Reform of Expenditures and Revenues
- (2) Basic Policies 2006

Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held its 17th meeting of the year. Discussions were held on the Integrated Reform of Expenditures and Revenues and on the Basic Policies 2006.

Regarding the Integrated Reform of Expenditures and Revenues, Mr. Tanigaki, Minister of Finance, reported on the working-level talks of the Council for Comprehensive Financial and Economic Reform. Mr. Honma explained an expert member's materials on the basic policy for the Integrated Reform of Expenditures and Revenues.

Minister Tanigaki and Mr. Takenaka, Minister of Internal Affairs and Communications, appreciated that the discussions held over the past half year were well summarized in this basic policy. It comprehensively contains all the ideas of the Integrated Reform of Expenditures and Revenues including expenditure reform in the next five years, as has been examined by the ruling party and it was agreed that the Basic Policies 2006 would be based on this policy. The specifics of the description will be discussed with the ruling party and each relevant ministry. In addition, in the working-level talks held this morning and afternoon, Mr. Abe, Chief Cabinet Secretary ended his comments as follows.

I would like to ask the Chairmen of the Research Commissions on the Tax System of both the LDP and Komeito to examine the revenue reform.

At that time, achieving the primary surplus in FY2011 and securing stable revenue resources for social security in 2015 should be taken into consideration. Also, a stable decrease in the ratio of total government debts to GDP to avoid it reaching an infinite value needs to be considered.

I think such matters will be comprehensively considered when the Research Commissions on the Tax System of both parties hold discussions.

As for the Basic Policies 2006, the works on the table of contents and the content itself

are advancing steadily, and the plan submitted today obtained the agreement of the CEF. As for the Integrated Reform of Expenditures and Revenues, the items agreed between the CEF and the ruling party will be written.

In the past half year, we have held discussions on the Integrated Reform of Expenditures and Revenues, and expert members also made great efforts. In addition, Mr. Nakagawa and Mr. Inoue, Chairmen of the Policy Research Councils of the ruling parties worked very hard and we would like to express to them and the other persons involved our sincere respect and appreciation. The amount of the cut between 11.4 and 14.3 trillion yen exceeded our expectations and the work is revolutionary. The work represents a meticulous accumulation based on rational policy and I would like to express my appreciation from the bottom of my heart for the time spent and the endeavors made for the work.

The materials on expenditures are ready for the Basic Policies 2006. As for the ones on revenues, I would like to add something after the LDP's Research Commission on the Tax System establishes its policy.

Regarding the Integrated Reform of Expenditures and Revenues, the Prime Minister once gave the following instructions.

It is important to set mid- and long-term goals first.

Based on the goals, an extensive examination must be conducted without worrying about the future.

I would like to complete the Basic Policies 2006 once the LDP's Research Commission on the Tax System is brought to a conclusion.