

Minister's Summary by Minister Yosano**4th Meeting (February 23, 2006)**

- (1) Appropriate overseas economic cooperation
- (2) Promotion of administrative reform
- (3) Integrated Reform of Expenditures and Revenues (assets and debts, special accounts)

Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held its 4th meeting this year. First, we discussed overseas economic cooperation, together with Mr. Aso, Minister for Foreign Affairs, Mr. Harada, Chairman of the Overseas Economic Cooperation Study Panel, and Mr. Chuma, Minister in Charge of Administrative Reforms. Then, Minister Chuma reported on the promotion of administrative reform. Lastly we discussed the Integrated Reform of Expenditures and Revenues (assets and debts, special accounts). Mr. Nikai, Minister of Economy, Trade and Industry, was absent due to the visit to China and Vice Minister Nishino attended instead.

Regarding overseas economic cooperation, Mr. Harada at first provided explanations on the progress of examination based on materials. The CEFP agreed to advance the discussions basically in the way reported by Mr. Harada. In addition, the following opinions were presented.

We need to maintain the function of international finance without fail.

The matters listed in the materials (Note: page 5 of the material) are very important.

Finally, the Prime Minister made the following statement.

Thank you for summarizing the discussion. I would like to express my thanks for having clarified the direction in spite of various opinions.

Overseas economic cooperation is quite important for Japan. It is said in foreign countries that Japanese people don't figure prominently in the global community, but I don't think this is true. According to the recent survey conducted by the BBC and the University of Maryland, Japan ranked second in terms of positive influence in the international society. Such evaluation by mass media and universities in Britain and the U.S. proves that Japan is held in high esteem in the world. This point should be duly noted.

Minister Chuma reported on the promotion of administrative reform based on materials and the CEFPP concluded as follows.

We request that every effort be made to submit the bill based on today's discussion. The CEFPP is going to continue discussions on administrative reform.

There were also the following statements.

The bill needs to be made in strict accordance with the Cabinet decision.

What does "complete privatization" mean?

How shall we interpret the word, "top management"?

I concluded as follows.

Since Minister Nikai is absent today, I would like to ask Minister Chuma to discuss with related ministers after Minister Nikai's return to Japan and to come to a decision with following consultations with the Prime Minister and Chief Cabinet Secretary.

I think the consultations about "complete privatization" will start after Minister Nikai's return. As for "top management," Minister Chuma pointed out the difficulties inherent in writing in legal terminology, and it was decided that he and related ministers would study the matter under the Chief Cabinet Secretary, while consulting the Prime Minister.

The Prime Minister stated that the government should abide by the Cabinet decisions and he would like Minister Chuma to do his best.

Regarding the Integrated Reform of Expenditures and Revenues, the expert member explained about assets and debts, and special accounts based on materials.

I stated as follows.

In order to link the reform of government assets and debts, and the reform of special accounts with the Integrated Reform of Expenditures and Revenues, it is necessary to discuss concretely how much they can contribute to fiscal consolidation, with an eye to interim compilation planned between the end of March and the beginning of April.

The understanding on the above was shared with other members. I asked the Finance Minister to clarify the numerical targets on the size and contents of the reform by the end of March and asked the Minister of Internal Affairs and Communications to carry out a comprehensive review of assets and debts, and special accounts of local governments and to set the targets for local fiscal consolidation as early as possible. I further asked both Ministers to make a report about the above at the CEFP and got their approvals. In addition, I asked both Ministers to immediately report to the CEFP on method for deliberations of public accounts system.

Furthermore, the following remarks were presented.

Special accounts reform should be done in a way to maximize the advantages of integration.

Local governments have finally started to make the tables of balance sheets. The work should be done immediately, but they are five years behind compared to the central government.

Regarding the Foreign Exchange Fund Special Account, the following discussions were made.

Is it possible to reduce the asset in the Foreign Exchange Fund Special Accounts?

It is difficult to sell foreign exchange itself. In addition, even now, the excess in foreign exchange is transferred to the general account.

I strongly asked them to work on the local governments' assets and debts, and special accounts as well.

Finally, the Prime Minister stated as follows.

I thank the expert members for making the issues clear so well. The discussion on special accounts is also made in the Budget Committee.

General expenditure has been reduced. Regarding revenue, when increasing revenues, it is important to make the level of increase as small as possible. For this purpose, the issues of assets and debts, and special accounts need to be properly resolved.

I request your cooperation because issues of assets and debts, and special accounts are big problems stemming from the level of local administration.

