

**Minister's Summary by Minister Yosano****7th Meeting (March 29, 2006)**

- (1) Enhancement of growth potential and competitiveness
- (2) The Integrated Reform of Expenditures and Revenues

Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held its seventh meeting this year. Discussions were made on the Enhancement of Growth Potential and Competitiveness, and on the Integrated Reform of Expenditures and Revenues.

Regarding the enhancement of growth potential and competitiveness, firstly the expert member, and secondly Mr. Nikai, Minister of Economy, Trade and Industry, made presentations based on the distributed materials. After a round of discussions, Mr. Abe, Chief Cabinet Secretary, stated that the first meeting called the Conference for the Promotion of the Opportunities of Second-chance would be held tomorrow and that he planned to report to the CEFP after summarizing the results of the meeting's discussions. Lastly, I stated as follows:

We shared the view that enhancement of growth potential should be considered as the highest priority reform, forming one of the two pillars along with the Integrated Reform of Expenditures and Revenues.

I would like to ask Minister Nikai to work actively on the materialization of the New Economic Growth Strategy, and the CEFP also needs to continue its discussions towards Basic Policies.

Also, on the structure stated by the Chief Cabinet Secretary in support of opportunities for second-chance, we need to promote discussions towards Basic Policies.

Regarding the Integrated Reform of both Expenditures and Revenues, firstly the expert member, and secondly Mr. Takenaka, Minister of Internal Affairs and Communications, gave explanations based on the materials. We took the first step toward the interim compilation of this issue. Though the discussion was not drawn to conclusion, I think that almost all of the principles of the reform described in the materials by the expert members were agreed upon. However, some members expressed disagreement with the part of the paper that referred to the need to reverse the increase of government debt against the

GDP in the middle of the 2010s. The discussion, therefore, was not concluded today.

Lastly, I reported that I had been talking with Mr. Nakagawa, Chairman of the Liberal Democratic Party's Policy Research Council, on the matter of the Integrated Reform of Expenditures and Revenues. The Prime Minister also stated that he would talk with Mr. Nakagawa to ask the LDP to study this issue.