

**Minister's Summary by Minister Yosano****12th Meeting (May 18, 2006)**

- (1) Measures against the falling birthrate
- (2) Reform of statistical systems
- (3) Enhancement of growth potential and competitiveness

Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held its 12th meeting this year. Discussions were made on the measures against the falling birthrate, the reform of statistical systems, and the enhancement of growth potential and competitiveness.

First, with the attendance of Ms. Inoguchi, Minister of State for Gender Equality and Social Affairs, discussions were held on measures against the falling birthrate. The Prime Minister made the following statement:

I cannot agree with the attitude of using the funds for operation of the three employment insurance services to fund measures against the declining birthrate. It is the same idea as Postal Life Insurance and the Pension Welfare Service Public Corporation, with which the public sector conducted a variety of projects.

The surplus money should be used not for measures against the declining birthrate by public sectors but for encouraging private companies to implement their own measures. It is only necessary to highlight their progressive measures. In the first place, private companies do not know that the Ministry of Health, Labour and Welfare is studying such a review. It is unnatural to connect the declining birthrate with employment insurance. If there is surplus money from employment insurance, companies should allot it to measures to reverse the declining birthrate of their own initiatives.

After that, with the participation of Mr. Kuroda, President, Economic and Social Research Institute, Cabinet Office, discussions were held on the reform of statistical systems. We reached a consensus that a cross-ministerial “control tower” with high expertise is required for the reform and that the Cabinet Secretariat should take the lead in advancing the examination. The Prime Minister requested that the leadership of the Cabinet Secretariat be determined, and the examination be advanced in collaboration with the ministries.

Finally, enhancement of growth potential and competitiveness was discussed. Firstly, the summary at the CEFP was made on Strategy in the Globalizing Economy as described in the materials. Secondly, the expert members, Mr. Nikai, Minister of Economy, Trade and Industry, and Mr. Takenaka, Minister of Internal Affairs and Communications, explained the issue based on their respective materials. I think we were able to gain a common understanding on the framework and priority items of the Economic Growth Initiative.

This is all that we discussed in today's CEFP meeting.

As additional comments to the discussion, the ruling party is actively examining the Integrated Reform of Expenditures and Revenues, and the discussion on individual issues of expenditure cuts was shelved today. Expenditure cuts are politically quite important and based on the instruction of the Prime Minister given at the beginning, examinations by the CEFP and by the ruling party will advance concurrently. The next CEFP meeting will resume discussions towards the compilation of the Integrated Reform of Expenditures and Revenues.

On Monday next week, the 1st Meeting of the Council for Comprehensive Financial and Economic Reform will be held, with the Prime Minister, relevant ministers, and executive members of the ruling party in attendance. This meeting will launch discussions on both the Integrated Reform of Expenditures and Revenues for advancing fiscal consolidation and the economic growth strategy for enhancing growth potential. This opportunity will see a deepening of discussions by the government and the ruling party.