

Minister's Summary by Minister Yosano**16th Meeting (June 22, 2006)**

- (1) Reform of Policy-based Finance
- (2) Integrated Reform of Expenditures and Revenues
- (3) Enhancement of growth potential and competitiveness
- (4) Others

Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held its 16th meeting of the year. Discussions were held on the Reform of Policy-based Finance, Integrated Reform of Expenditures and Revenues, and enhancement of growth potential and competitiveness.

Regarding the Reform of Policy-based Finance, Mr. Chuma, Minister of State for Regulatory Reform, explained the system design.

Expert members submitted a paper on the points of contention for the final compilation of the Integrated Reform of Expenditures and Revenues, and a discussion was held. The ruling party is currently in the process of political adjustment on this issue for the compilation of the measures to cut expenditure until FY2011, and today's CEFP meeting did not step into the discussion involving the figures but discussed confirming the ideas and the framework for the future course based on the expert members' paper.

The Prime Minister made the following statement.

It is important to consider first what it ought to be over the medium and long term. What's more, I would like the idea to be flexible enough to be changed later.

With the process of the privatization of Japan Post, I showed myself to be a strict realist, all the while being called Don Quixote.

I said that I would not raise consumption tax during my term, but the primary balance has been improving.

The idea I have practiced was unprecedented. The long-term goal is important. However, we cannot raise consumption tax either in this year or the next. We will start

by executing expenditure cuts completely. Then, some people will begin to insist that a tax increase would be better. In Europe, there is an opposition party suggesting a tax increase.

We have had several discussions today, but each assertion does not seem to have a big difference.

Concerning the enhancement of growth potential, Mr. Nikai, Minister of Economy, Trade and Industry, presented the draft of "Economic Growth Initiative" and I asked the Minister to advance his work further.

Lastly, Mr. Abe, the Chief Cabinet Secretary, explained the measures for the issue of "Foreign people as dwellers."