

Minister's Summary by Minister Yosano**8th Meeting (April 7, 2006)**

- (1) Enhancement of Growth Potential and Competitiveness (Strategy in the Globalizing Economy)
- (2) Integrated Reform of Expenditures and Revenues

Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held its eighth meeting this year. We had discussions on the enhancement of growth potential and competitiveness (Strategy in the Globalizing Economy), and the Integrated Reform of Expenditures and Revenues.

Regarding the enhancement of growth potential and competitiveness, Mr. Kawasaki, Minister of Health, Labour and Welfare, and Mr. Sugiura, Minister of Justice, were invited. Firstly, the expert member, and secondly Minister Sugiura, Minister Kawasaki, and Mr. Nikai, Minister of Economy, Trade and Industry, explained the Strategy in the Globalizing Economy with the materials distributed. Lastly, I asked everyone to make lively examinations for the compilation of "Basic Policies 2006" in June. The initiatives for the East Asian economic integration and the Asian OECD presented by Minister Nikai were highly evaluated by the CEFP members, and a number of requests for the promotion of the initiatives were expressed. With regard to the New Economic Growth Strategy being promoted by Minister Nikai, the following opinion was stated.

The New Economic Growth Strategy is very critical as one of the two pillars along with restoring fiscal consolidation. We would like the Minister to make effort to submit concrete measures.

I also think that it is a good idea to discuss this issue at every CEFP meeting together with the Integrated Reform of Expenditures and Revenues.

A variety of opinions were presented concerning foreign workers. The Prime Minister stated his opinion as follows:

Whether you like it or not, many foreign people come to Japan. This fact involves undesirable aspects for Japan, such as the increase of criminals, etc.

If you look at the situations of foreign countries, you will notice that frictions always occur whenever the number of foreign people reaches a certain level. In order to receive foreign people as workers, it is critical to consider the improvement of the environment and the education at the same time. We should try to accept them while having mutual respects before the number exceeds a certain level. Regarding the Integrated Reform of Expenditures and Revenues, my interim compilation was agreed upon without any objection. The Prime Minister stated as follows:

I would like both the ruling party and the government to discuss the matters from various viewpoints. Let me request due coordination among the ministries concerned, especially the Ministry of Finance, Ministry of Internal Affairs and Communications and the Cabinet Office.

There does not have to be only one conclusion, so I would like you to take the overall viewpoints into consideration. It may take some time. Even if there are some differences among opinions, they should be summed up at the CEFPP. There is no time for academic or theological disputes at the CEFPP. I would like you to make discussion regardless of each Ministry's interests.

Accordingly, Mr. Okuda made the following statement concerning the ways to advance CEFPP meetings:

To make a firm foundation, we should conduct in-depth discussions, from the next meeting, on reform strategies responding to specific issues such as social security, local finance and public investment, with the attendance of the Ministers concerned.

This statement obtained consensus. Based on this, I think the ways to advance the CEFPP meeting should be as follows:

Firstly, we should examine specific issues while respecting the seven basic principles agreed upon in this interim compilation. At the same time, substantial discussions will be made with the attendance of the related Ministers.

Secondly, I would like to continue close contact with Mr. Nakagawa, Chairman of the Liberal Democratic Party's Policy Research Council, in order for the government and the ruling party to jointly examine the Integrated Reform of Expenditures and Revenues, and to materialize the reform. The Prime Minister and I have requested to Chairman Nakagawa that the target for expenditure cut be presented by the ruling party. In this regard, the Cabinet Office will cooperate fully with the party's work. I would also like to have discussions in the future with Chairman Nakagawa and with

Mr. Abe, Chief Cabinet Secretary, on a system which ensures collaboration between the government and the ruling party.

Thirdly, the Prime Minister stated that he would like to know the outline of the next year's budget for the Integrated Reform of Expenditures and Revenues. In this outline, the figures of expenditure cut will appear. Therefore, regarding this point, the Ministry of Finance will conduct thorough examination. We will also proceed with our task in cooperation with the ruling party.