

Minister's Summary by Minister Yosano

26th Meeting (November 28, 2008)

- (1) Intensive discussion on the mid-term program (Second discussion on the fundamental reform of the taxation system)**
- (2) Strategy for realization of fundamental power of the Japanese economy**
- (3) Basic Principles of the FY2009 Budget Formulation (draft)**
- (4) The prioritized area of policy assessment**



Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held the 26th meeting of the year.

Regarding the first subject on the agenda, we discussed for the second time “the mid-term program” of the fundamental reform of the taxation system. I summed up the discussion as follows:

The CEFP members reached a broad consensus on the basic ideas and the three basic principles of the fundamental reform of the taxation system to secure the effectiveness of the reform.

Regarding the second subject on the agenda, we discussed what was tentatively called “the strategy for demonstrating Japan’s latent power and vitality.” At the end of the discussion, the Prime Minister made the following statement:

Japan should develop a growth model ahead of a global paradigm shift based on the strategy for demonstrating Japan’s latent power and vitality. Accordingly, the Government should release latent power of the Japanese economy by identifying and promoting key precedents, should cultivate industries with latent potential by creating new industries and new markets, and should make full use of power of the Japanese economy by achieving growth together with Asia. The Government is taking support measures necessary for that purpose without fail. I would like the CEFP to examine how to identify and promote key precedents for the growth model across all ministries. I would like

Member Nikai, Minister of Economy, Trade and Industry, to conduct a drastic study of the creation of new industries and markets as well as of strategies for achieving growth together with Asia, without sticking to bureaucratic jurisdiction, in cooperation with the CEF. I would like to incorporate specific measures into “the Basic Policies 2009” for the next year and I would appreciate Member Nikai’s vigorous efforts on this matter.

Regarding the third subject on the agenda, the CEF discussed and approved draft items in the Basic Principles of the FY2009 Budget Formulation. The ruling parties will start studying the issue at the beginning of next week, and I would like to see the draft items approved in a cabinet meeting by the end of next week.

Regarding the fourth subject on the agenda, Member Hatoyama (Minister of Internal Affairs and Communications) suggested priority areas for policy assessment for this fiscal year, and the CEF approved his suggestion.

At the end of the meeting, I provided additional explanation on future discussion on “The Medium-term Program” as follows:

Initially, we planned three sessions for intensive discussion on “the midterm program” and the third session to be held on December 3 would conclude the discussion. However, there are still pending issues, and accordingly we will deepen our discussion on “the mid-term program” further on December 9 at the CEF meeting after the next one.

The Liberal Democratic Party (LDP) Research Commission on the Tax System will study the overview of the fundamental reform of the taxation system. We will exchange views with the LDP Research Commission, where necessary, to develop a draft mutually agreeable to the Government and the ruling parties.

(End)