

**Minister's Summary by Minister Yosano**

**28th Meeting (December 9, 2008)**

**(1) Regulatory reform**

**(2) Intensive discussion on the mid-term program (The 4<sup>th</sup> session: Public expenditure reform and the integration of social security, tax reform, and public expenditure reform)**



Kaoru Yosano here. Today, the Council on Economic and Fiscal Policy (CEFP) held the 28th meeting of the year.

The first subject on the agenda was regulatory reform.

The Prime Minister made the following statement:

Regulatory innovation which will design social systems and new technologies in an integrated manner is essential to future growth policy. I would appreciate continuous efforts for regulatory reform by Temporary Member Amari (State Minister for Regulatory Reform) and by Mr. Kusakari, President of the Council for the Promotion of Regulatory Reform.

One expert member pointed out the need of more accelerated regulatory reform in agriculture in a more comprehensive and focused manner, for example, at super special zones, noting the slow progress of agricultural reform in terms of easing of regulations.

Another expert member pointed out the need of preliminary assessment and check of new regulations to be introduced, expressing his concerns over whether enough qualified architects will be available when the revised building standards law requires the involvement of two experienced registered architects in building certification, starting from next May.

Still another member recommended early implementation of regulatory reform for functionally enhancing medical care.

The second subject on the agenda was “The Medium-term Program.” Today the CEFP discussed

“The Medium-term Program” for the fourth time. First, we had discussion on expenditure reform, then on the integration of social security, tax reform and expenditure reform.

Regarding expenditure reform, the CEFPP members reached a broad consensus on the three principles proposed by the expert members. In addition, the expert members pointed out important issues to be considered related to “the mid-term program” that social security, tax reform and public expenditure reform are commonly concerned with. We will continue our discussion on the issues.

Regarding the papers presented by Member Hatoyama (Minister of Internal Affairs and Communications), one expert member asked Member Hatoyama to provide the breakdown of 7.1 trillion yen which is being borne by local governments because he felt the details of the amount were still unclear. In response, Member Hatoyama pointed out the need of careful checking of whether each of the expense would be really necessary.

I asked Member Hatoyama to submit documents relating to the amount and give us explanation on the matter at the next CEFPP meeting. Member Hatoyama accepted my request.

I summed up the discussion as follows:

While I am pleased to hear that leaders of some local governments have introduced new social welfare programs which people welcome, it is theoretically difficult to understand that the whole country should somehow pay for the programs. In addition, while Member Hatoyama pointed out the need of securing local governments’ additional revenue sources as local consumption taxes, it may take much effort to win public acceptance for this. Accordingly, it is necessary to both Minister of Internal Affairs and Communications and local bodies to advocate together the necessity of local governments’ additional revenue sources.

The Prime Minister made the following statement:

In the four sessions up until now, we have discussed a number of issues. Based on these discussions, we would like to draw up future-oriented “the mid-term program.” Accordingly, I would like to ask Minister Yosano to coordinate this matter with the ruling parties, including LDP Research Commission on the Tax System.

Based on our discussions at the CEFPP, from now we need to develop the final draft of “the mid-term program” in the Government and the ruling parties, under Prime Minister’s direction. In addition, I said that we will let expert members know the progress each time. This concluded the CEFPP meeting.

(End)