

Third Report on the Promotion of Regulatory Reform
and the Opening Up of Government-driven Markets
for Entry into the Private Sector

December 25, 2006

Council for the Promotion of Regulatory Reform

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I. For finalization and publication of “Third Report”

Promotion of the regulatory reform and opening of business to private sectors creates new demands and employment through a fair competition and the extension of choices of consumers as well as encourage improvement of productivity so as to vitalize the economic society. This committee was established in April, 2004 as it stood in such a policy to realize the principles of “from public to private sectors” and contribute to achieve more than 1200 items of regulatory reform including introduction of the market testing and opening of so-called Combined Medical Care Service upon active research and discussions in close cooperation with Office of Regulatory Reform/Headquarters for the Promotion of Council on Economy and Fiscal Policy.

Under these circumstances, Japanese economy goes out of the long-lasting stagnation, and is currently at the stage of new development toward “Creativity and Growth”. At the turning point of the social environment, this is the time to develop and evolve the approaches for reform, and provide the base for efficient allocation of resources in the economy by breaking the vested rights and securing equality. In order to achieve this, it is important to proceed the rule making for further globalization, promotion of competitions corresponding to the depopulation society and industrial promotions. Therefore it is desirable to promote systematic and comprehensive regulatory reform and opening of government-driven markets to the private sector including review of pertinent regulations. When the competition between proprietors is promoted, maintenance of a system to establish an effective and practical post-check method to maximize the market function, compliance to disclosure policies and establishment of Safety Net are crucial.

From this viewpoint, it is necessary to enhance the approaches aiming construction of the streamlined administration through allotment and collaboration of the private and public sectors, open and fair economic society through reform and competition, implementation of environment that enables various ways of working styles and re-challenges, regeneration of education, creation of a safe and secure living environment, and open the market to private sectors to provide opportunities for creativity and new challenges.

Based on the awareness of issues above, this document is to report various issues for promotion of the upcoming regulatory reform and opening of government-driven markets to the private sector as well as items confirmed in the government.

We committee strongly believe that this report will contribute to proceed a sound and speedy reform toward building new Japan with autonomous rules and freedom.

II . Issues for the future regulatory reform

1 Crossover assessment and review of regulations of all ministries and agencies

(1)Periodical review of regulations and procedures concerning restrictions

[1] Basic idea concerning review of restriction

To further develop regulatory reforms, in addition to the methods of “regulatory reform” mainly stressed on a conventional fields and matters, it is necessary to promote the reviews by creating a standard (below, “Review Standard”) over various areas focusing on the nature and system of regulations.

This council, as part of the efforts of “Second Report on the Promotion of Regulatory Reform and the Opening Up of Government-driven Markets for Entry into the Private Sector” (December 21, 2005) (below “Second Report”), compiled and proposed the “Review Standard concerning Regulations based on restrictions other than laws and regulations such as Notification and Release”. This Review Standard is included in “Three-year Plan of Regulatory Reform and Opening of Government-Driven Markets to the Private Sector (Further Revised Version)” “(Cabinet decision on March 31, 2006) (below, “Three-year Plan (Further Revised Version)”). Therefore, the review is scheduled to be implemented according to the Review Standard.

Because the implementation of regulatory reform is a pressing need for the structural reform of our country, Review Standard is established sequentially as possible without waiting for all completion. This council, as stated in “Second Report” and “Interim Report on the Promotion of Regulatory Reform and the Opening Up of Government-driven Markets for Entry into the Private Sector” (July 31, 2006) (below, “Interim Report on Priority Issues”), proposes that Review Standard needs to be established also for the restrictions which passed a certain period since it was established.

While restrictions are established upon a certain discussion based the background of social needs, if it is not reviewed in the change of the subsequent social economy situations in spite of loss of meaning or necessity, many problems and negative influences may be incurred due to the obsolesce. This council proposes that some restrictions should positively be reviewed due to the passage of time after a certain period since its establishment. The meaning and necessities of restrictions must be reviewed, and some have already been reviewed by specific needs of public and opinions of administrations. However, it should be checked periodically whether the restriction is adequately reviewed at the right time.

[2] Method for future advancement of periodic review of restrictions

As one of the opinions considered to be a curtail issue under discussion for establishment of Review Standard of restrictions that passed a certain period of time after its establishment, it is said “there should be no need to have a system of periodical review because restrictions are reviewed as necessary”. It is true that there are some cases of review based on the revision of pertinent systems or on specific needs such as demands for regulatory reform and opening of Government-Driven Market. These reviews should be actively continued. However, as it means that there might be no review unless specific reviews are demanded or it is not clarified, administrations would lose opportunities to study the meaning of restrictions from a broad viewpoint and improve it. In addition to review based on specific needs, there should be reasonable regulatory reform that is suited to the social conditions if there is a constitution to provide opportunities for review of restrictions in a periodical manner.

Currently, there should be an article to describe the requirements to conduct a periodic review of restrictions for new restrictions. This is a system included in Regulatory Reform 1994 (February 15, 1994), and it is also referred in the repeated government programs concerning regulatory reforms. However, as shown in “Interim Report on Priority Issues”, there are issues need to be considered as below regarding establishment of Regulatory Reform Article of Periodical Review” in the “Evaluation of New Regulations”.

- Because the items expected to be under the articles of review, concepts of the period review are not reflected.
- Because this is a system applied when the restriction is newly established, the concept of periodic review is hardly reflected on the current regulations which passed a long period of time since its establishment to the present.
- The standard at the review period etc. is not specified

In consideration of such conditions, it is considered that a system of period review is necessary for all restrictions regardless of legislations. It is also desirable to have a system in this framework for abolishment of restrictions which remain effective only due to misconduct of review despite there is no effects because of loss of the pertinent legislation such as: those which is no longer practical due to its obsolesce after a long time since the establishment, which could lead confusion in public.

In this case, as it is represented by the administrative guidance indicator and technical advice and the recommendation, there is a controversial point if Notification and Release without “external effects” on private individuals (those which other than notification that provides instruction based on ordinance of the Cabinet, Ministerial ordinance, the outside

bureau regulations, the National Personnel Authority regulations, Board of Audit regulations, and the order upon consignment of laws among rules applied to many and unspecified cases designated by the administration such as Notice and Notification)” should be reviewed in a periodic manner. In fact, as stated in “Second Report” and “Interim Report on Priority Issues”, some Notification and Release need to be reviewed after a certain period as it could have “external effects to private individuals such as the criterion and disposal standards specified in Administrative Procedures Act (No.88 in 1993). Therefore, these notification needs to be reviewed periodically. However, “Notification and Release without “external effects” on private individuals” are not considered to be a regulation itself, so that there should be a discussion whether a periodic review is directly related to regulatory reform.

However, it is considered that “Notification/Release” was only items considered to be desirable or recommendable from the viewpoint of administrations at the point of establishment, but in that sense, the contents of such “recommendation” are changing depending on changes of social and economic society.” Therefore, it is shown in Article 38 Clause 2 of Administrative Procedures Act that administrations to review restrictions are obviously reliable for reviewing restrictions, which is consistent with the legislation order and administrative guidance. “Notification and Release without “external effects” on private individuals” are also desired and meaningful for a review after a certain period.

Council for the Promotion of Regulatory Reform and each prefecture ministry should taken measures necessary for review s according to Review Standard after a certain period to promote the review of the restrictions that passed a certain period after a certain period.

[3] Future measures for review of Notification/Release

As stated in “Second Review” Notification/Release are defined not to directly specify the rights and obligations of private individuals, not binding them legally. For instance, in the cases for senior administration to provide interpretation of jurisdiction laws to lower class administrations as “Notice”, it is that the lower class administration is legally constrained, but it does not have the legal effect of constraining private individuals in a in the direct method. Meanwhile, if the lower class administrations interpret and apply the laws in line with the “Notice” and the lower class administrations takes any disciplinary actions to a private individual who violated the laws under the specification of “Notice,” the private individual consequently could suffer an unreasonable loss, or indirect legal effect. Otherwise, if there is a penalty against the act of violation to the law, Notification/Release etc. by which administration shows the interpretation of the law have the effect that it has an extremely high incentive to private individuals to follow. Likewise, it can be said that

Notification/Release etc. that provide the matters related to private individuals' rights and obligations would have "external effects by showing the interpretation or standards of operation.

The standard of the review of Notification/Release is incorporated into "Three-year Plan (Further Revised Version)" aforementioned are specified with categories including: (i) Notification/Release including criteria of evaluation and disciplinary action which could have external effects on "private individuals", which is specified in Administrative Procedures Act, (ii) Notification/Release including criteria of evaluation and disciplinary action which could have no external effects on "private individuals", which is specified in Administrative Procedures Act, () Notification/Release which could have external effects on "private individuals".

According to "Three-year Plan (Further Revised Version)", each prefecture ministry has already started the classification upon Review Standard for the individual Notification/Releases concerning restrictions which have been enacted and taken an effect, and is planning to complete the classification within FY2006. This is to promote the review of Notification/Releases etc. that should be an object for review every fiscal year is selected. Regarding the method of selecting items for specific review, It is considered to be practical to select one in concurrent with the review of the pertinent laws which passed a certain period since its establishment in addition to the review at the same time for the pertinent system or depending on specific needs or those which clarified for regulatory reform or opening Government-Driven market in preference.

However, when Notification/Release etc. is selected for review only by the methods above, that become objects of the review only by such a method, such Notification/Release could not be reviewed easily if the priority of specific review needs is not high, and a periodical review which is legally bound is not appropriate for the purpose and objectives. Therefore, care should be taken to make a comprehensive review of Notification and Release in accordance with the above, in order to select Notification/Release etc. which are appropriate for review every fiscal year.

Accordingly, Council for the Promotion of Regulatory Reform and each prefecture ministry should continuously take measures for reviews according to "Three-year Plan (Further Revised Version)".

[4] Obligation of Regulatory Impact Assessment (RIA) and Future Approach

The "Three-year Plan for the Promotion of Regulatory Reform" (a Cabinet decision on March 19, 2004) specifies promotion of introduction of the Regulatory Impact Assessment (RIA:

Regulatory Impact Analysis). Up to now, this council has promoted the use of techniques of RIA in cooperation with the Ministry of Public Management, Home Affairs, Posts and Telecommunications, the number of trials of RIA which started in October, 2004 based on “Implementation Guideline of "Regulatory Impact Assessment (RIA)” reached 171 as of the end on September, 2006. Based on “Three-year Plan (Further Revised Version)”, in the framework of “Law concerning evaluation of policies of administrations” (No 86 of laws in 2001), necessary measures have been taken such as obligation of the pre-assessment on regulations.

Although the RIA system is applied to regulations at the time of commencement in Japan, the technique of RIA is applied as an analytical tool of policies in administrative fields other than the regulations in various foreign countries, which indicates that there is more options to use the system. In consideration of the major objective of RIA, it is basically desirable to apply RIA to all the regulations regardless of the form of legislation in general. In addition, it should contribute to improvement of objectivity and transparency by using the technique for administrative fields other than the regulations. Therefore, the system of RIA in Japan should be considered toward the direction to expand the range in the future in reference to the practical state of the system and the situation in foreign countries.

In the pre-assessment system (obligation) of the regulations, it is important to improve the quality such as quantitative analysis or increase of the money value of the analytical results and the qualitative improvement. Moreover, it is also curtail to share or collect information (consultation) between experts and stakeholders, which is conducted in foreign countries and the intelligence operation (consultation etc.), in reference to approaches of various foreign countries for pre-evaluation of the current systems in order to accumulate information or data as a presumption.

In order to review the restrictions in a timely basis based on the changes of social and economical conditions regarding the restrictions which underwent the pre-evaluation of RIA when regulations are newly established or revised, it is necessary to conduct monitoring of effects of the regulations and the post-evaluation of RIA for improvement of the evaluation quality on regulations.

[5] Issues on “No Action Letter System in Japan”

It is important to improve the prospect possibility concerning the application of the rules to clarify the market rule in the flow of "Pre-Restrictions to Post-Check". As one of the policies, the so-called No Action Letter system should be further promoted to use.

However, in terms of application of “pre-verification procedures of legislation by

administrations” as No Action Letter system in Japan, the committee believes that the objects are limited as it is only applied with “ (a Cabinet decision on March 27, 2001, revised on March 19, 2004) because it could incur disciplinary actions. For instance, the system does not cover the cases whether business activities are claimed by administrations. As a proposal of this council, it is considered to further review on expansion of the administrative power, not limiting to those which applied to administrative disciplinary actions for the procedure, in reference to the issues of the current No Action Letter system, while taking consideration of conformity to legislations in Japan.

(2) Qualification scheme/standard authentication

[1] Qualification scheme

a. Current approaches and results of public qualification scheme

Public qualification scheme aims to provide Japanese citizens with secure services by assigning qualified staff of the strict legislations in order to secure rights, safety, and sanitation of people and rationalization of business deals. In the meantime, this scheme sometimes create disadvantage on the life of people because of the so-called “monopoly qualification” which only allow the qualified persons to do a certain business activities to hinder a free entry to the market of individuals.

Regarding the business monopoly qualification, since “Opinion concerning the promotion of deregulation” in 1995, by Administrative Reform Committee which was set in Prime Minister's Office in the past, proposed a considerable increase of lawyers,

Measures have been taken to review the Qualification scheme and it started to achieve successful results as below.

(Current measures and successful results upon review of Qualification scheme)

December, 1995 Proposals to increase members lawyers per the first opinion of Administrative Reform Committee

December, 1997 Administrative Reform Committee final opinion: Review of ideal way of business monopoly of administrative scriveners, and proposals for abolition of requirements for examination and descriptions of the reward regulations

April, 1998 Revision of Court Organization Law and National Bar Examination Law to significantly increase the number of legal professions

March, 1999	Proposal of 16 items of Review Standards concerning the business monopoly qualification, to be incorporated into the deregulation promotion Three-year Plan. Cabinet decision
April, 1999	Introduction of specified subject system that exempts subjects perceived to have already finished regarding physical therapist and occupational therapist's training courses
July, 1999	Abolition of requirements for examination of administrative scrivener and deletion of descriptions of rewards
March, 2000	Addition of two items including review of corporate systems and increase of applicants who meet the requirements based on a viewpoint of the review of Deregulation Promotion Three-year Plan in March, 1999. Deregulation of prohibition of the advertising regulations of Lawyer
April, 2000	Review of patent attorney's scope of work, reform of examination system, foundation of corporate system, and deletion of reward definition from the rules
November, 2000	Abolishment of the administrative scrivener reward regulations
December, 2000	Proposals on the second opinion of Administrative Reform Promotion Headquarters Regulatory Reform Committee: "registration and enrollment system" and "regulations of reward"
March, 2002	Abolition of licensed tax accountant reward definitions
November, 2002	Abolition of certified social insurance labor consultant reward definitions

b Basic idea on review of qualification scheme

The reform has been promoted based on the basic policy of review of qualification schemes proposed in "Deregulation Promotion Three-year Plan (revision)" approved by the Cabinet in accordance with the proposal of "First Opinion on Regulatory Reform" of Deregulation Committee in March, 1999. However, regarding the business monopoly qualification, competitions are still restricted related to the subject services such as limitation of new market entries and exclusion of those who have no certification because certain regulations remains unchanged such as monopoly of business, actual limitation of qualified and requirements for examinations.

Therefore, regarding the monopoly qualification, it is necessary to encourage active competitions in various fields by lowering the wall of certification so as for people to

choose and enjoy various levels of services, such as that the market entry of other occupations is allowed in a reasonable range as possible for those who have the certification of similar type of jobs, while limiting the scope of qualified workers as much as possible.

The activation of the competition in various business fields have to be aimed at by lowering the fence of the qualification, and come to be able to enjoy it with the selection of the people of the business service at various levels.

In the rapidly changing society, the scope of qualified workers has been changed to adapt so that new qualifications and skills would be necessary for them. Although it is necessary to improve such skills and capabilities in the any fields. In particular, regarding the business monopoly qualification, the principles of competition hardly take effects as the qualified is limited. Therefore, it is socially required to secure and improve the quality of qualified workers as well as to disclose work histories or disciplinary actions of them.

Therefore, each ministry and agency should further review on Qualification scheme including the regulations of monopoly qualifications, requirements and scope based on the standards and viewpoint of reviews of the certifications above, regarding the governed certifications from the viewpoint of improvement of utility of public and active competition of services.

c Improvement of quality skilled workers

In the past, it was believed as if there is conformity of laws by qualified workers do business in presumption of their sense of ethics and responsibility. However, as the event by the act of betraying such trust happens, it is hardly secure the order of laws only by relying on the ethics and responsibility of the certified workers. In addition, there are a change and complication in society, and problems occur only by the knowledge or skills of the certified workers who obtained the qualification in the past. For solutions of these problems, it is necessary to create a system to improve knowledge and skills of the qualified workers. In this term, some measures have been taken to improve knowledge and skills of the qualified workers as the organizations of the qualified persons provide lectures spontaneously, but there is no obligation for them to attend. This makes difference of capabilities.

Therefore, the government should study measures such as obligation of attending such lectures or renewal of licenses as necessary as well as providing lectures for the skilled workers while taking consideration of not hindering competitions or entry to the market.

Moreover, the specialized field should have a system for license such as architects such

as authentication of skills of the qualified in each field by private sectors or system to disclose the certification or work histories of them, which should improve convenience of users and improve of qualified workers' skills by verifying their quality and specialty.

d Appropriate implementation of disciplinary actions

In the business monopoly qualifications other than Lawyer, the qualified workers should receive disciplinary actions from the jurisdiction Minister to an inappropriate act including the violation of the laws. Regarding disciplinary actions, it is doubtful if proper actions were taken because the standards were not clear and some cases have rarely actions depending on qualifications. Subject to contents of the disciplinary actions, some are not published in Official Gazette.

In terms of disciplinary actions, it is necessary to clarify the standards. It is considered to be natural to execute disciplinary actions to the qualified workers who neglected the rules should receive a strict disciplinary actions such as disposal, from the viewpoint to maintain the qualified workers' ethics and sense of responsibility. It is also thought to be a power to control their illegal acts. Moreover, it is also important to disclose the name, the act of the subject party for the disposal and disciplinary actions etc. to prevent reoccurrence of such actions and to draw attentions of citizens as the users of services provided by the qualified workers to prevent unexpected damages.

e Compulsory admission (group)

Among ten clerical work qualifications of the business monopoly qualification for the hearing in this fiscal year, eight of them: certified public accountant, lawyer, judicial scrivener, land and house examiner, licensed tax accountant, public consultant on social and labor insurance, patent attorney and administrative scrivener are required to establish the expert group and register the organization of the qualified workers. This is mandatory. Regarding the real estate appraiser, there is no definition to establish the group, or admission to the organization, but the corporation of the arbitrary admission system was established under Civil Law Article 34 (No.89 of the law in 1896) in fact.

The qualified worker group and the pertinent ministries explained the reason of mandatory admission for maintaining class of the qualified, maintain and improve the capabilities, controlling the illegal acts, provision of the services for the low-income population and convenience for liaison and notification given by administrations.

However, the compulsion admission system imposes additional restrictions on those who passed the examination, makes the barrier in scope against other specialist groups,

and takes a role as an object to restrain free trade of individual qualified workers but this is a big obstacle for people as the user to make use of the services provided by the qualified. Thus, it is necessary to keep discussing solutions for convenience and based on the opinions of the specialist group and ministries.

f Expansion of number of people in the legal professions

It is aimed to achieve the number of the qualified for bar examinations as about 3,000 by around 2010 while ascertaining the situation etc. of the maintenance of a new system to foster law school students including Graduate Law School according to the Program for Promoting Justice System Reform (Cabinet decision on March 19, 2002) to increase the number of legal experts.

Though it is expected that judicial officers are required to be more capable in the future, it is necessary to carefully take care of the social needs on the population of legal specialist from the viewpoint of user-friendly legal systems by creating those who are suitable for legal experts as the qualified worker.

On the other hand, regarding the bar examination, as the most effective measure to select the qualified persons and extract their capability, it is essential to further diversify options to foster abilities to analyze social and economical influences of laws and policies from a broader view, not a narrow-minded interpretation.

[2] Standard authentication

Standards and Examinations (below, "standard authentication etc") will have a big influence on the rise of cost, limitation of the choices depending on its standpoint in the modern society of globalization of economic activities and severe competition of enterprises. Therefore, if the review is required for the standard authentication in the future, it is important to consider minimizing effects of the review on such business activities. Moreover, that standard authentication should also be reviewed to make it more practical because there are systems with less necessity to maintain as a government-led system due to advancement of technologies and those which not suited to the modern world.

Meanwhile, the objectives of each system concerning standard authentications include protection of human life, body, and property in principle. For instance, as the case of false of the structural calculation last year, the qualification is no longer reliable to people for some extent.

Under this circumstances, while the basic objectives of the standard authentication to

prevent accidents or disasters is secured, the necessary review should be proceeded as follows The execution of the review needed mortgaging the purpose such as basic standard authentication that prevent the accident or the disaster occurring based on these situations should be promoted as follows.

a Proprietor's self confirmation and independent security

In order to promote efficiency of the administrative services and reduce the company cost, the government should only set the standard and monitor the compliance to the standards, as leaving proprietors' self confirmation and independent security.

However, in order to promote the policy, it is necessary for the government to study the legal arrangement against the cases when any harmful incidents occurs due to violation of laws of individual enterprises based on the characteristic of the subject field an individual enterprises. It should also be verified if the government may be capable of monitoring the field in questions.

b Third party authentication

Even if it is inappropriate to entrust proprietor's self confirmation and independent security, the government inspection would not be needed at once, but there should be a system to mandate inspections by a fair and neutral third party based on the international rules.

Measures should also be considered to provide the post-inspection policies for the third parties to conduct a proper inspection as well as to prevent abuse of rights of these who order the inspection on the third party for its preferred position.

c Conformity of International Standards

If international standards are applied, the government should achieve the conformity of business and the standards upon study on its validity. If there is no international standards, the standard of Japan are appealed for proposal and application in order to promote receipt of data from foreign countries and mutual approvals.

d Specific Safety Guidelines

All the specific guidelines should be studied if the contents of the standard may correspond to the technological innovations in a flexible manner, and to cover all the standards which are currently specified as the specification.

e Exclusion of repetition inspection

Measures should be taken to ease the burden of proprietors such as abandonment of the repetition inspections on similar items for inspection if two or more inspections are specified.

(3) Other Issues of Basic Rules

[3] Tender system

A fair and free competition in the market should be positively promoted to activate Japan's economy, and to achieve the affluent society. The government should voluntarily show the intention for further promotion of fair and free competition in the market. However, quite a many bid-rigging were disclosed in the current tender systems for public works, which undermined the trust of public on the tender system of public works. Under these circumstances, there is a shift of trend including the abolishment of the designated bidding which limits bidders and a change to the general tender system for public works directly led by the Ministry of Land, Infrastructure and Transport.

In all the tender systems of government organizations, including local public organizations and ministries/agencies, measures should be taken to maintain and expand a system to increase the number of bidders from the viewpoint of transparent, fair, and competitive fulfillment of the tender system in the future.

This issue should be studied also from the viewpoints: maintenance of a competitive environment with a severe penalty on those who violated the laws, reduction of paperwork by simplifying that tender system, and review of VE (Valuable Engineering) and a comprehensive evaluation and operation systems.

[2] Reform of administrative appeals and trials system

Conflicts which could occur between private individuals, or between the administrative offices and private individuals, a semi-judicial procedure such as the oral proceeding shall be made for decision by the administration committees or administrative agencies individual. It is so-called "Administrative appeals and trials system," which is applied in many cases.

These are generally categorized into Administrative Appeals and Trials by the administrative committees which was introduced with influences of the laws of America in the post-war period such as trials of the Fair Trade Commission, and those which exist from the pre-war period to cover the special fields to require special knowledge such as the

shipwreck appeals and trials under the wreck inquiry, and the patent appeals and trials by the Worker Dispatch Law, etc.

As for these appeals and trials, since the person who has special knowledge and the experiences for the dispute case participates in the conflict resolution, a simple, prompt, cheap and proper solution is expected, which also should reduce the burden of the court.

Therefore, the Administrative Appeals and Trials will be reviewed as a whole since the regulatory reforms will be more important when its control get stricter.

[3] Close examination of capabilities in each prefecture ministry on regulations

In many cases, an advanced expertise corresponding to the characteristics of a target private activity for the restriction is necessary for the government to intervene the private activity and to restrict it appropriately.

In the advanced countries, such a finding is often led by private organizations, though which could lead “cheating” of the companies in question to the authorities of the regulations. As a result, the regulations could lose its control to restrict what should not be controlled but not restrict what should be controlled.

The problem of originating in asymmetric has been pointed out in the field of public works project in the United States. However, such issues are realized by the falsifying the structural calculations of condominiums in Japan. Therefore, there are still possibilities of this issue to further get worsen taking into consideration of the advancement of the current technologies in Japan.

Therefore, the restrictions should be properly controlled for its contents and operations by the jurisdiction ministries, which mean that their self-management system should be further examined periodically in the future.

2 construction of the slim administration through allotment and collaboration of the private sector and the local government

(1) Government-driven market opening

Maximum efforts have been made for the conference for Government-driven market opening so as to succeed the discussions of the General Regulatory Reform Conference to further promote and deepened the issue. A basic idea of the Government-driven market opening to private organizations is now rearranged in this fiscal year as the final year of the activities of this conference for overview and the future perspectives.

[1] Basic concept on the opening of the Government-driven market to the private sector

a Principle of participation by government

The market mechanism is said to be an outstanding system to achieve an efficient allocation of resources through the competition, encourage the creativities and provides the incentives for improvement of business activities as well as the principles of equality of opportunities.

However, the market mechanism has no guarantee of the equality of income allocation.

In case of market failures such as incompleteness of public goods, external properties, natural monopoly and the market itself, an effective resource distribution is hardly achieved. Therefore, in these cases, the market is expected to take on a role to correct its failures while the government supports the market. Meanwhile, it is also essential for the government to minimize its scope to support the market in such cases as they could even fail the support such as protection of the vested rights and uncontrolled expansion of the scope or work.

It is important for the government to dedicate to supporting the market function and maximize the advantages of the market. Function of the market so the Japanese economy will be more vital and improve the life of the people. Thus, it is important to leave the private sectors to what they can handle based on the principle of the market driven by private institutions to supply goods and services, and accomplish the principle “the public sector will not intervene to the private sector”

b Meaning of Government-driven market opening

In the dynamic change of economy and social condition as well as the diversification of the needs of consumers on goods and services, suppliers in the private sectors in the severe

competition in the market mechanism are required to supply various goods and services corresponding to the change. On the other hand, in the Government-driven market where the government provided services, competitive restriction environment, and inefficient services are still supplied under the restrictive competitions, which then hindered the development of industries of private sectors. Based on the principles of “the public sector will not intervene to the private sector,” a wide range of Government-driven market should be opened to the private sectors to generate the effects:

- (a) The efficiency and creativity of business improves by wisdom and efforts of the private sectors through the introduction of competition principles to provide services which are truly requested by the people.
- (b) In the complicated social environment and change/expansion of demands of the administrations, the government should enjoy the fruits of Regulatory Reforms by being specialized in efforts that should be done by public and achieve a reasonable allocation in the government offices such as human resource.
- (c) In the process above, economies in Japan will further activated through creation of new business opportunities, increase of demand and employment by the new wisdoms of the private sectors.

c How to proceed Government-driven market opening

It is thought to proceed a thorough review on the clerical works and projects of the government below for the opening of the Government-driven market to the private sector based on the principle of “the public sector will not intervene to the private sector.”

- (a) The government itself should be liable for the proof on the validity of civil servants’ tasks and projects.
- (b) In spite of tasks and projects that are thought to be involved by the government, private sectors should take on the roles to provide the services by specifying the government requirements for improvement of quality of the services.
- (c) If the government-driven market has been open to private sectors, or will be newly opened, there should not be “privatization” without actual results such as the affiliated associate company of the government would get more power. The so-called “private-private restrictions” should also be eliminated by the monopoly of a private institutions or the industry organizations, to secure a fair competitive environment.

As a specific way of opening of the government-driven market, there are options including (i) private finance initiatives (privatization, assignment), (ii) a comprehensive

assignment of works to private sectors, and (iii) organization of the environment to encourage the entry of private sectors to the market. Among “private finance initiatives”, “privatization” means that the government body that have been involved in a project would be a private sector for the services, while “assignment” is a transfer of the task in question to a private sectors. In terms of “a comprehensive assignment of tasks to private sectors”, the private sector will be consigned to have a services ordered by the government with a contract with the private sector as the contractor based on the level or standards of the deliverables required as well as contents and scope of the services. In this case, the government involvement will be minimized so the private sector consigned may use its creativity and workmanship for further effective and rational way of work, which may be referred to a “batch task”. “Organization of the environment to encourage the private sectors of the entry to the market” means increase of the requirements of the designated corporation and introduction of a general tender system.

The most desirable way of these opening measures is to encourage the private finance initiatives based on the principles of the opening of the government-driven market. For those which have no private finance initiatives for the time being, a comprehensive consignment should be achieved. Of course, in the process of review on the government driven market for opening to the private sectors, those which are thought to have no necessity of the tasks and projects should be abolished in a prompt manner. The contents and cost structure of each clerical work and the business have to be disclosed to promote such a private opening, to allow the applicants for the entry should make a proper judgment.

[2] Measures taken by Promotion Meeting

Opening of the Government-driven market to the private sector has been addressed by General Regulatory Reform Conference, and various government-driven markets have been achieved for services of the government and local public bodies including establishment of the administrator to enable consignment of the public services to a private sector, or partial consignment of the illegal parking control for private institutions which meet a certain conditions. Opening of the Government-driven market to the private sector is positioned as a high priority item of the committee in order to further promote and specify the approaches. Therefore, Market Test (private and public sectors: tender system) has been promoted and the government-driven market was thoroughly reviewed based on the two approaches: field crossover/comprehensive review on the market mechanism of all the government-driven market segments and specific reviews on each government-driven market segment.

Accordingly, there were many deliberations in order to actually promote the government-driven market opening to the private sectors.

a Promotion of Market Test (public/private tender system)

Market Test is to provide services under a transparent, neutral and a fair tender system of public and private sectors, which is a method to introduce a competitive mechanism for the entire public services provided by the government as a monopoly, and uninterruptedly review its necessity or efficiency.

The committee proposes a basic policy for the introduction of Market Test, the implementation process for “Interim Summary – Government-driven market opening for the entry of private sectors “achievement of the private sector-driven economic society in FY2004 (August 3, 2004), and accepted the demand from the private sectors for trial implementation. Based on this, Market Test of the three fields and eight businesses were conducted from FY2005 as a trial. “First Report (Follow-up) on the Promotion of Regulatory Reform and the Opening Up of Government-driven Markets for Entry into the Private Sector” (December 24, 2004) proposed the full-scale Market Test from FY2006.

In FY2005, toward achievement of “Small and Effective Government” (September 27, 2005), the draft of “Market Test Act” (then) was indicated to request the government to accelerate the proceedings for legislation based on the proposal, as well as a full-scale introduction of Market Test and the bill for its legislation in the ordinary session of FY2006 Diet in “Second Report (Follow-up) on the Promotion of Regulatory Reform and the Opening Up of Government-driven Markets for Entry into the Private Sector (December 24, 2004).

As a result of such an activity, the Market Test Act came to be promulgated as Law concerning reform of public service by introduction of competition (Public Service Reform Act) on June 2, 2006, and to be enforced on July 7 of the same year.

b Opening of the Government-driven market to the private sector

The restructuring of the roles of the private and public sectors were studied in the General Regulatory Reform Conference in FY2002 regarding the opening of the Government-driven market to the private sector. As a result, 21 items were proposed including introduction of the designated administrator system and consignment of the illegal parking control services.

This conference conducted the investigation to each municipal government aiming to extract Government-driven markets as a whole and received 812 items of response in

order to succeed and deepen the discussions of General Regulatory Reform Conference from the viewpoint to open the government-driven markets to private sectors in a wide range except the planning of the policies in FY 2004. Among those, 81 business and service items were extracted. As a result of the study for the market opening, 4 areas and 36 items were proposed for the opening of the government-driven market: (1) supply and collection, (2) maintenance, management and operation of public facilities, (3) statistical survey and manufacturing, (4) inspection, registration, and examinations for qualifications

In FY2005, from the viewpoint that the policy for the opening of the Government-driven market to the private sector should be further widened, studies were made on the opening of market of 5 services and tasks: (1) the government-driven market, (2) Independent Administrative Legal Entity, (3) private corporations established under special laws (Public Corporations and authorized corporations), (4) Non-profit Organizations (e.g. designated corporations) and (5) local public bodies. Consequently, the 39 items were proposed for the opening of Government-driven market.

Independent Administrative Legal Entity that holds enormous amount of property was picked up this fiscal year, and the necessity of the business of the enterprise is examined from the viewpoint of pressures on private enterprises, as well as compression of its assets and debt. Moreover, the follow-up and a further study on the market opening were made on various tasks including inspection, registration, research and training, as well as management and operation of facilities which had been considered in FY2004 and FY 2005 (See Chapter).

[3] Future perspectives and directions

This council stressed on the promotion of Opening of the Government-driven market to the private sector based on the idea of the above-mentioned (1). As for the future, it is important to review the roles of public and private sectors on the basis of the principles to adapt to the changes in the economic society, “the public sector will not intervene to the private sector.” In order to do this, it is effective to maximize the scheme of Market Test under Public Service Reform Act enacted in this fiscal year, and expose the Government-driven market in a crossover competition of the open market. The individual Government-driven market should also further open for private sectors by making use of Market Test and the following:

a Complete opening of the market driven by the government and Independent

Administrative Legal Entity to private sectors

As a reason why the market directly driven by the government hardly open, the pertinent administrations and government offices explained as: (i) this is so-called “exercise of public authority” which public officials are allowed, (ii) private sectors hardly provide a fair and neutral services, (iii) it is appropriate for public officials who are liable for strict confidentiality to do public services. This council proposed: (i) services may also be covered by private sectors as the issue of exercise of public authority is the matter of legislation, (ii) it is possible to secure the equity and neutrality by binding private sectors under laws and contracts, and (iii) private sectors may be bound by the same level of confidentiality provision as that of public authorities under laws or contracts.

Although this proposal has been discussed between the committee and the pertinent administrations since FY 2004, it is still difficult to say that this idea still penetrated enough in the related administrative organizations. As a typical example for the car registration, this service should be controlled by the exercise of public authority as car registrations would directly and strongly affect rights and obligations of private individuals. It is also necessary to cooperate with the pertinent administrations on theft and tax collections, which requires a considerable care of confidential information and smooth circulation of information. In addition, specialty and experiences are indispensable. Therefore, the public authorities should cover this service. However, there is no necessity for public authorities to exercise the power for the service. At least, private sectors may be consigned under the law to open the government-driven market. Confidentiality can also be secured by taking necessary measures. Therefore, there is no inconvenience on opening the government-driven market in this term.

In this fiscal year, this council insisted on that this service with less discretion is most preferable to the opening of the market for private sectors because of its routine. It can be at least controlled by Independent Administrative Legal Entity for the service. For instance, it is also obvious to see the registration systems of pesticide, manure fodder, and seedlings as proposed by the committee this fiscal year. Although the final registration is conducted by the government, Independent Administrative Legal Entity already conducts the inspection, research and testing related to the registration. Theretofore, it is a state to consider opening of the market to these enterprises the country etc. In the same manner, a series of services of the motor vehicle registration can also be shifted to private sectors, at least Independent Administrative Legal Entity. Under the “law concerning promotion of Regulatory Reform to achieve the simple and effective government (Administrative Reform Law (Law No.47 in 2006)”, the motor vehicle insurance special accounting and

the automotive inspection and registration special account will be integrated in FY2008 fiscal year.

About the services of the special account after the integration, a study will also be made on transfer of the accounting to General Account or to Independent Administrative Legal Entity depending on the characteristics of the services. However, it should not be waiting too long for integration before the market opening of the automobile registration services to Independent Administrative Legal Entity. At the same time, the market opening of the automobile registration services to private sectors, regardless of the government or Individual Administrative Legal Entity, should be made as well as the registration services of pesticide, manure fodder, and seedlings.

In addition, the necessity of the services by private sectors has been conducted aiming a wide range of opening of the market to private sectors for services conducted by Independent Administrative Legal Entity. This approach should be continued.

For instance, regarding the Independent Administrative Legal Entity for the automotive inspection, the designated maintenance facility of cars are required to conduct checkup, maintenance, and the inspection as a set. It is not allowed for them only to cover the inspection at present. However, the committee considers that there is no rational reason of monopoly of Independent Administrative Legal Entity for the automotive registration Shaken which covers only for the inspection, as there are no differences of inspections between Independent Administrative Legal Entity and a designated maintenance facility. Therefore, the market opening to private sectors should be progressed in terms of the automobile inspections such as that qualified maintenance factories should be allowed to conduct only inspections by taking certain measures to secure safety of cars and environment in the second inspections and after such as review of inspection items or organization of the check procedures as necessary. In particular, a private opening should be promoted in an excellent specified maintenance facility as it is enabled only to inspect it.

Further Opening of the Government-driven market to the private sector is strongly expected in the future, without binding the government with the ready-made ideas by the proposals of the committee would widely and deeply be penetrated among the pertinent administrations.

b Compression of assets and debt of the government such as Independent Administrative Legal Entity

As the financial conditions of Japan are in a severe condition, the government is

required to proceed the health and achieve Small and Effective Government. Therefore, while the reform of both revenue and expenditures has been conducted to challenge the change of flow, it is necessary to further promote the downsizing and effective use of the assets. In terms of the assets and the debt reform, it has been decided to compress the national assets to for the level of 140 trillion yen aiming half reduction of the GDP ratio against the national asset by the end of FY2015 based on Regulatory Reform Promotion Act in the “Basic Policy concerning Finance Operation and Structural Reform” (a Cabinet decision on July 7, 2006). It is currently assumed that the government should achieve the off-balance by sales and effective use of general government facilities or unused government-owned land, as well as sales and securitizing of the loans and possession securities. In order to achieve “Small and Effective Government” and soundness of the national finance, certain measures should also be taken for Independent Administrative Legal Entity, not only the government. As one Independent Administrative Legal Entities possess the property that exceeded 10 trillion yen, some of these enterprises were studied of its compression of assets from the viewpoint of the opening of the government-driven market to private sectors. The committee requested to closely evaluate the necessity of services conducted by private sectors, not the public bodies, and for the public bodies to dismiss from the services in question if it can be covered by private sectors, as well as compression of the real asset or the financial assets. In that case, it was also requested to make good use of the finance technique that had been used in the private sectors of the securitization, in addition to clear and reduce the assets and debt by both ways.

The approach that includes the reform of the assets and debt, not only the opening of the government-driven market, follows “the flow from the public to the private sector” but also meets the needs for sound finance of the country, so that it is expected to take measures to study the opening of the government-driven market to the private sectors from this perspective.

When the compression of the assets and debt is advanced, the sales price of the assets should be maximized, and the public financial burden be minimized. In particular, for the securitization of the existing debts, the debts at a relatively low interest due to the guarantee of Independent Administrative Legal Entity backed by the government looks higher than the conventional rate as the guarantee cost of the government is assured by the securitization. It also requires the handing fee of securitization. However, it is only an exposure of the potential cost of the asset.

Securitization decomposes the risk of the interest fluctuation and credit, and functions to mitigate the risk of private investors who are liable for such risks and expect to have profits.

There is also an advantage of risk management. Therefore, it is necessary to study the suitability of securitization according to an individual property characteristic while obtaining the public understanding of the advantages of securitization and risk. Of course, in terms of securitization, the information concerning claims and debts should be fully disclosed to develop a finance method to make use of the knowledge of private sectors as well as to utilize expertise of specialists.

Note that it is necessary to carefully control the positive effects in the market due to securitization, as the scale of the securitization market in Japan is relatively smaller than other countries and at the stage of development.

c Promotion of competition in Non-profit Corporation

Among Non-profit Corporations such as corporations and foundations established on the basis of the definition of civil law Section 34, studies were made on enterprises (so-called designated corporations) for specific services on the basis of designation of the government, and other corporations actually designated in the committee in FY2007 regarding the move toward the market opening.

It is thought to be that designated corporations may be allowed to conduct services as: (i) from a fair and neutral standpoints, (ii) necessary to provide services under the national standards, so that only one Non-profit Corporation was designated, by guaranteeing the fair and neutral services under the laws and contracts, by making manuals and guidelines as much as possible.

Therefore, it is not necessary to limit the entity of business to Non-profit Corporations but to introduce a competitive mechanism by allowing the market entry of enterprises, which would eventually improve convenience of services, prompt processing, effective and reasonable-priced services. Therefore, there should be approaches toward the opening of the government-driven market such as designation of plural enterprises and general tender systems.

These reviews are expected to be advanced for an introduction thorough of the contention principle in the future.

(2) Ratification of national and local regulations

Various approaches have been conducted as “Trinity Reform” aiming “a true decentralization” even after the national and local government stand in an equal position from a master and servant relations upon enactment of “Devolution of Power Law” in 2000 to solve these problems. In the future, there should be more positive approaches to

ratify the regulations of the national and local governments under the basic policy of the structural reform from “National Government to Municipal Government.”

[1] Basic idea on the restrictions of national and local governments.

a About problems of the excess participation of the country

Excessive participations and restrictions of the national government might eventually cause harmful effects on improvement of the life of people by lowering the quality of the administrative services by hindering development of measures depending on the actual conditions of regions, and narrowing the independence and subjectivity of local governments.

It is desired for the national government to have a national standard of the services related to national policies. National government should be liable for services related to basic rules on private business activities and local governance and other services or business which should be conducted from a broad viewpoint nationwide.

Even if the local public bodies decide other services at their responsibility, it should be involved by the national government in the services off local public bodies to correct cases which is anticipated to infringe the properties and profits of the people. However, it is necessary to clarify rational reasons of involvement and regulations of the national government by taking care of the independence of local governments and have them take one a wide roles of the municipal offices in a proper manner to control the scope of the involvement to local bodies only for what truly be necessary.

Through such promotion of the regulatory reform, the standards and restrictions of excessively involved by the national government should be organized to expand the scope of municipal offices to execute the policies at their discretion.

b Problems of restriction of each municipal office

Because the style etc. of various procedures of the local public body are originally provided individually, there are cases of enterprises forced to conduct inefficient services, if they have business over the boundary of different local bodies. But the procedures should be ratified as much as possible to mitigate the inconvenience only because of difference of formats.

In particular, concerns to endanger the main objective of local governments by standardization are small. Rather than that, it should be expected to improve the convenience of the life of people. Therefore, both national and local government should

take certain measures for standardization. Specifically, the national government should solve problems through technical supports and information sharing by electronics as much as possible. National governments should challenge on its independence making use of standardization of the formats through electronics data systems to create the standard format for the services.

[2] Aspect and directionality of the review of the restrictions concerning the national and local governments

Independent of local governments should be established with financial independence of local governments as well as from the aspects concerning the laws.

Therefore, restrictions concerning related laws, at the minimum, should be reviewed regarding the politics and ministerial ordinances and notifications including detailed rules of services such as the requirements, disposal standard and maintenance standards in the services of local governments. It is also necessary to clarify the rational reasons of the necessary of standards in question.

Next, it is not clear enough to specify some contents of notification and releases concerning the consignment of public services before enactment of Devolution of Power Law if these requirements bound the local governments whether these are positioned according to technical supports and services standards.

Some notifications and releases should be abolished along with Review Standard etc. of Notification/Release decided in March this year. Those which should remain should be maintained. In order to clarify the status, necessary reviews should be conducted.

In addition, due to allocation of services for the national and local governments to divide the power, if clerical services and evaluation processes became inefficient for both authorities authority, necessary review of the process should be conducted such as studies on integration of the services for efficiency.

In order to further develop the measures corresponding to the situations of local governments, measures should be actively taken for enhancement of simplification and transparency of the government subsidy, review of the tax money allocated to local governments and fulfillment of a designated administrator.

3 A fair and open economic society through reform and competition

(1) Non-Japanese

As part of measures for employment of non-Japanese for Japanese enterprises, the government supports economic development of Asian nations and job creation through ODA (Official Development Assistance) and the foreign direct investment. This is consistent with the control measures to accept unskilled workers from overseas.

On the other hand, executives are sent off from Japan to overseas as the intra-company transfer status for promote technical assistance to developing countries and regions. As shown in the business models, it can be said that Japan accelerated the market entry to Asian nations. However, in the overseas presence for using low labor costs, relatively low from the cost at home, Japanese enterprises faced many difficulties. For instance, even though products are based on technologies developed by Japanese enterprises, when it is standardized and becomes obsolete, and exposed to global competition by procuring the most lowers parts from the rest of world, the technical advantages of Japanese enterprises is hardly enjoyed, so that the production base would be shifted to countries and regions with less labor costs. Therefore it is now necessary to prevent outflow of technologies to countries overseas and retain the strategy to secure added-value of the products while maintaining the production sites at home.

Some said that the recovery of international competitiveness of Japan is backed by such strategies in the last couple of years. It is still inevitable to transfer the domestic production with less global competitiveness to overseas countries, it is also necessary to maintain the domestic production base for research and development as a strategy to improve the effects of division of labors within the network in Asian region.

Furthermore, with recovery of the economic growth in Japan, employment in competitive fields increased, as the labor center of young people tends to shift. It is also said that there is a hollowing out of human resources not only the manufacturing but also services industries including medical, nursing and restaurant businesses.

The foreign worker acceptance policy in Japan under these circumstances remains unchanged since the sixth basic employment plan (a Cabinet decision on June 17, 1988) to accept skilled or specialist labors, and carefully control unskilled labors. However, the number of acceptances of non-Japanese registered at the end of 2005 was only about 180,000 for skilled labors. On the other hand, the number of Japanese descents at the visa status of “permanent settler” and trainees for “specific activities” tends to increase for industries with lack of resources. Especially, Japanese descents are forced by an unstable employment mostly through business contracts with the employers, problems concerning social security and education are

expected be more serious for the local governments.

Under these circumstances, after measures are taken for ratification and appropriateness of laws and regulations such as strengthening of the check system of non-Japanese status and review of their training and occupational training, which are studied by the committee, it is necessary to consider how to create added value at home and maintain and expand the scope of Japanese economy related to the issues of acceptance of non-Japanese. If the negative growth and reduction of employment reoccur like 1990s, it would be hard to secure the human resources from overseas, even flowing out of the country. It should also be noted that there is a risk to lead the outflow of human resources from Japan. In terms not only the shift of goods, money and information, with the forecast of the progress of economic cooperation with East Asian countries and depopulation, it is necessary to consider to accept more non-Japanese to contribute to the region for the circulation of human resource as Japan promotes human development of non-Japanese in terms of general education, skill and technologies and Japanese language.

Although the committee proposes below, these issues should be continuously discussed if no agreement is reached with the pertinent government offices at this point:

[1] Mitigation of work restrictions on foreigner care workers

Even though non-Japanese citizens are allowed to acquire a national qualification of the care worker in Japan under the Social Welfare Counselor and Care Worker Act (Law No.30 in 1987), they have no residence status for the qualification under Immigration-Control and Refugee-Recognition Act (ordinance of the cabinet No.319 in 1951).

Non-Japanese citizens who graduated from a faculty of welfare of a university in Japan as an international student are not allowed to involve in the services or business of nursing in Japan.

In EPA (Economic Partnership Agreement: economic partnership agreement) with the Philippines for care worker's acceptance, candidates who completed the Philippines care worker training and graduated a four-year university or the university of nursing, and those who graduated a four-year university are allowed to come and stay in Japan as "Special Activity" visa are eligible for Care Worker National Examination and Care Worker Training Course respectively for training of Japanese language.

The former was assumed to take care worker training and employment, the latter is for the primary training course. It is in the situation that the talks about the employment and training in Japan for care worker candidates are almost agreed between Japan and Indonesia.

Demands for labor in the field of nursing is expected to further increase every year as the number of people in need for care who are eligible for the services will increase since the enactment of the inauguration of the nursing-care insurance system in 2000. In the meantime, as the job separation ratio is high compared to other fields, it is necessary to quality human resources to fulfill a certain service level. Therefore, acceptance of non-Japanese care workers should be considered for solution by taking consideration of influences on industries and people's life in Japan from the viewpoint to support employment of international students in Japan.

Under Social Welfare Counselors and Care Workers Article 2, if care workers who have expertise and skills are accepted, there should be policies of "addition of expertise and technical areas" and "creation of new acceptance systems." However, the former should be considered concerning the descriptions that measures should be taken as necessary for areas which need to mitigate the requirements of educations and practical work experiences while securing expertise and skills comparable to the current level upon Qualification Scheme to objectively evaluate the level of expertise and skills for mitigation of requirements of "Specialist" and "Humanities and International Services" under the "Three-year Plan for the Promotion of Regulatory Reform"(Revised Version) (a Cabinet decision on March 31, 2006) .

[2] Acceptance of foreign workers without expertise or special skills

The report "How to Tackle Depopulation" (June, 2006) by Japan Committee for Economic Development Corp shows the view that the ratio of non-Japanese who occupy the production population in Japan in 2050 would exceed the present France (6.1%). If no change is assumed in the Ninth Basic Employment Plan (No.084 in the Ministry of Labor notification in 1999), increase of trainees from China or Indonesia as the sender countries and people from Brazil and Peru should contribute to the labor.

As a result of the Population Census in 2005, a decrease in the overall population of our country is expected to decrease by 30 million people or more in 45 years after 2005 to show the reality of depopulation of Japan. In particular, even if the mismatching of demands and supply of labor, the manpower of young people should decrease in a rapid pace.

Therefore, it is necessary to maintain the skill level in a domestic manufacturing and services industry and increase the potential growth rate of Japan.

Therefore, it is still indispensable to urge the entry to labor market of young people, women, and the elderly. The government should also review Resident status in present Immigration-Control and Refugee-Recognition Act and (No.16 of the legal affairs ministerial

ordinance on May 24, 1990 ministerial ordinance that provides the standard of Immigration-Control and Refugee-Recognition Act Section 7 initial term (ii). A specific discussion is necessary for acceptance of non-Japanese workers not in the fields out of expertise and skills, taking consideration of potential risks.

For instance, requirements such as a) academic background more than the high school graduation corresponding of Japan, b) qualified the second class of Japanese Ability Examination or more) and 3) business experiences of about three years (including completion of trainings and skill practices) should be satisfied before entry to Japan for the candidates. They also should understand the economic and social status, is anticipated to vitally act in the industries at an early stage upon entry of the country and participation to the society. There should be discussions to provide the working visa status related to academic backgrounds and skills for non-Japanese who qualified these conditions.

Other than the requirements above, so-called point systems or the acceptance framework should be considered in cooperation with the sender countries through EPA.

Furthermore, preventative restrictions on the number of people, origin countries and type of jobs, or the post-regulations for emergency if excessive number of people flows into Japan, the Employment Measures Law (No.132 of the law in 1966) should be applied for the policy. Studies should be made for a system with mobility to reflect the unemployment conditions of regions under the provisions of Local Employment Control and Promotion Act (No.23 of the law in 1987). Therefore, it should be considered to have a method to secure the job opportunities of Japanese, and apply non-Japanese as a supplemental measure.

(2) Competition policy and finance

[1] Basic idea of what should be of restrictions

a. Competition policy

Promotion of the competition policy becomes a more important issue for the activation of economy and society in Japan. Promotion of regulatory reforms is the same target from the viewpoint of achieving economy and society with a fair and free competition based on the rules is done as the competition policy. It is considered that promotion of regulatory reforms and strengthening of the competition policy, with a certain rule, are the both wheels of a car for structural reform of Japanese economy.

b. Finance

Ten years have passed from the financial Big Bang that started in November, 1996, and many deregulations have been advanced in the field of finance.

However, regulatory reform in the financial field should further be advanced for the activation of economy and society in our country.

Regarding the financial field, the market-oriented indirect financing should be progressed by shifting from the traditional indirect finance, to promote the trend from savings to investment. Therefore, the structure to make a smooth flow of capitals to enterprises and industries growing should be created.

[2] Future view and directions of the restrictions

a Competition policies

In promotion of regulatory reform in the future, the roles of the competition policies are important.

It is necessary to actively take measures for enforcement of Antimonopoly Law (Antimonopoly Law (No.54 of the law in 1947)) that is the fundamental law of the competition policy, and review/enhancement of the Fair Trade Commission.

b Finance

The following aspects and directionality are considered about regulatory reforms in the financial field for the activation of economy and society of Japan.

First, the construction of the system focusing on the functions of the finance. The revolution should be pressed by abolishing the fence between businesses for improvement of services of the individual financial institutions for the users to provide a crossover services. In that case, individual financial institutions are required to take a comprehensive risk management corresponding to diversification and complication of businesses so that it is not appropriate to prohibit traditional businesses. Therefore, the regulations concerning the scope should be reviewed from the viewpoint of what should be for financial institutions in different types,

The review of the restriction concerning the scope of work should be performed from the viewpoint of what should be of the business of the financial institution of each pattern in place of this.

Law revisions that maintained the financial products dealings were just legislated. Therefore, at the beginning, there should be a smooth execution and operation of the laws. Based on the conditions of the execution, the studies should continuously be conducted.

Moreover, a necessary review should be proceeded from the viewpoint etc. that make the rule in the system modernization and competition equal by paying attentions on the presence of public and private financial institutions, financial institutions established by credit unions and corporation banks, and insurance and various mutual aids, especially for its functions to affect the economy and society.

Secondly, the restructuring of the financial industry method that suits economical substance. The rules of business should be free from the dependency of private laws in order to improve the effectiveness of laws, and it is necessary to prospect the rules of business laws focused on improvement of performances. For instance, regardless of conclusion of contracts in the private law, law formats concerning morphology in the private laws including corporation, union, and trust banks, or law form in the private law concerning dealings such as the representation, relaying and mediation, the business laws should be reconstructed corresponding to the actual performance of economy. Based on the results, regulations should be reviewed as necessary.

Thirdly, the clarification of the rule of the financial market. The rule of the market should be assumed to be: (1) economic regulations should not be judged by the “style” of acts but actual performance of the economy, and (2) it is important to have clearness and fairness of the rules for the market participants. In order to clarify the market rules in the direction of “from Pre-Restrictions to Post-Check,” it is important to foresee applications of rules as well as to review restrictions as necessary.

Fourthly, strengthening of the enforcement (secure of the performance of the rule) in the financial market.

A severe action is necessary against violation of rules in the market such as unfair trading and window-dressing. Therefore, it is required to strengthen the enforcement against such a violation of rules in the market such as the unfair trading and window-dressing. In the current state that the violation of the rule of violation of Disclosure such as the unfair trading and window-dressing is revealed one after another, the enforcement (damage compensation cases by private individuals based on definitions of Securities and Exchange Law and Financial Instruments Sales Law, etc. etc.) gains a lot of attentions. At the same time, the effectiveness of the enforcement should be improved by strengthening the operation of the tax collection systems as an administrative measure to control the violation of laws, for cases not for criminal cases. For instance, the enforcement should be further strengthened against unfair dealings in the capital market such as illegal market price operations and the insider dealing etc.

Fifthly, the system adaptation in line with technological innovations and international

financial trends. The advancement of the technology including the information and communication field and the change in the international money market are advanced at an unprecedented pace, but in order to cope with the changes, it is necessary to modernize the legal infrastructure related to the economy of Japan along with the present environment, which is indispensable to make the legislation of Japan to have no inferiority to that in the rest of the world. A necessary discussion should be advanced at the same pace of the changes, while taking great care of protection of users in the financial market.

(3) Government-Driven Market Reform

[1] IT

a Infrastructure of competitive digitalization and development of broadband

More than half a century has already passed since the Radio Act and Broadcast Act were approved and enforced in 1950, and a new system of broadcasting in the postwar period. After that the terrestrial broadcasting was established and become indispensable for the life of the people, and users now enjoy various media and channels with the start of new broadcasting medias including the cable television service (CATV), broadcasting satellite (BS), and communications satellite (CS) and, in addition, enters multi media and the age of making to a multi channel the other day. There is noncommercial broadcasting, NHK backed by fees. It is a dual system with the commercial broadcasting that works out with the advertisement income, and both who differ in the financial base supplement mutually and it has met people's needs while stimulating the growth each other.

However, the digitalization that begins with the CS digital broadcasting in 1996 has the possibility to bring a qualitative change to such a system. The technological innovation of digitalization rapidly makes fusion of the supporting industries including the communication in addition to the high resolution picture, multi channel, and advanced fictionalization development, and a limited scarcity of the electric wave and the significance of social impacts of broadcasting brought a substantial change in the restrictions of broadcasting business. With completion of the digitalization of such broadcasting in five years, discussion of what should be of the broadcasting business in the future should be advanced now, and it is important to prepare a new system to adapt to the new era.

Meantime, in the communication industry, since liberalization of communication and privatization of NTT in 1985, through the reform including organization of a fair

competition conditions such as the connection regulations and asymmetric regulations, and abolition of business categories, before and after the reorganizations of Nippon Telegraph and Telephone Co., 13,000 companies or more (as of December, 2005) have newly entered the market and the market scale have expanded for three times to 15.7 trillion yen (FY2004) . Under the e-Japan strategy after 2001, promotion of organization of a fair competitive environment and the infrastructure led by private sectors contributed to achieve the world-class broadband infrastructure (The number of broadband service contracts at the end on March, 2006 is 23.3 million). The communications enterprises that develop a triple play service including Internet, video services and telephone emerged as well.

While the importance of a high-level layer such as the contents not only the transmission increased in the business strategy of communication enterprises in such a broadband environment, securing a fair competitive environment that corresponds to such new business development becomes an important issue.

As abovementioned, the committee proposed measures mainly including regulatory reforms in “Second Report (Follow-up) on the Promotion of Regulatory Reform and the Opening Up of Government-driven Markets for Entry into the Private Sector” (December 21, 2005). Afterwards, the discussion becomes full-scale in related organizations, and mutual agreement of the government and the ruling party was compiled as “Communication and broadcasting” on June 20, 2006. It was followed by “Economic Growth Strategy Overview” (June 26, 2006) to achieve various services using the most advanced communication and broadcasting infrastructure to be completed in 2011 as “Complete Digitalization Year 1”. Then, in order to strengthening of the communication and broadcasting business, The reform of the communication and broadcasting field was promoted under the “Agreement on Communication and Broadcasting Systems by the government and the ruling party” (June 20, 2006) to promote the reform of communication and broadcasting industries. Furthermore, in Basic policy 2006 concerning an economic and financial management and the structural reform (in a Cabinet decision on July 7, 2006) , it was decided to promote the reform of communication and broadcasting based on the situations of the world on the basis of 'Mutual agreement of the government party concerning what should be of Communication and broadcasting. Then, more specific discussions have been progressed by the parties concerned now.

Then, the specific conference between parties concerned etc. begun. However, the committee expects that necessary measures should be taken so that it stares at the benefits

of the broadband network and digital broadcasting in the region and society while seeing what it should be toward and after “Full Digital Year 1”, which is further for activation of the region itself.

In that case, various problems below should also be specified as proposed by the committed for organization of the competitive environment.

First, for NHK, from the viewpoint of its social and cultural value as a public broadcasting, and the need for downsizing of Public Corporations, the Present scope of work etc. should be reviewed. Therefore, the reductions in two waves among three except the channel to relieve the viewing, should be conducted at least. Secondly, there is a diversified transmission methods of broadcasting contents today including IP infrastructure and satellite, the equal sign footing of the competitive conditions between enterprises should be achieved concerning the transmission from the viewpoint to increase the options of views and improve its utility It is under study on applications of new medias to the parties concerned including the issues of clarification of rules related to the decision system concerning the agreement of retransmission provided for the cable television services but necessary measures should be taken after the conclusion is promptly obtained. The third is what should be of the area licensing. Services of terrestrial broadcasting is only limited to the services within a region with the local license in order to take on the role as the local information media. However, it is hard to keep the position as the information media to meet the viewers’ needs since the business infrastructure limited in the region is limited for the local broadcasting station in the advancement of information media such as expansion of the life area of the people, digitalization of the infrastructure and competitions with various medias.

Therefore, the management base of a local license system should be drastically reviewed, which only limits the service in a region, in order to strengthen the corporate management infrastructure of the local broadcasting stations and to improve the utility of viewers.

[2] Energy

a Aiming at a competitive environment for correction of the high cost structure

The institutional reform in the energy industry of our country was gradually progressed at the time of concerns for de-industrialization in the 90's by securing the stable supply and consideration to measures for controlling global warming to achieve the comparable cost level in the global market.

It has been gradually advanced. For instance, the preceding organization of this council,

General Regulatory Reform Committee proposed “First Report (Follow-up) on the Promotion of Regulatory Reform and the Opening Up of Government-driven Markets for Entry into the Private Sector” (December 11, 2001) for liberation of retails of electricity and gas, organization of the whole seller of electricity and establishment of so-called ISO (Independent System Operator) In the past, the whole selling market of electricity and gas (100,000 m³ in the next fiscal year) was organized.

However, the overall liberalization with presumption to secure a stable supply of power has not yet achieved for the items as the core of the "Three-year Plan for the Promotion of Regulatory Reform” (Revised Version), March 29, 2002. Likewise, this approach is still in progress. As a result, the market share of the new common carrier of the electric industry in the range of the retail liberalization is still low with about 2%, and it hardly triggers competitions between existing carriers.

The competition between countries according to the globalization of the economy intensifies further. The urgent issue is to enhance and accelerate the reforms in line with the directions specified, and achieve a shift to the energy industry with high utility for users from the viewpoint of the industrial competitiveness and improvement of national life. Improvement of the high cost structure of our country energy industry is achieved by improvement of management efficiencies and quality and diversifications of the services in an early stage. In the market monopoly of energy has been also allowed with huge existing enterprises, asymmetric measures should be taken to the new common carrier against the existing proprietor at the initial stage of Competitions. It is specified in the opinion of administrative reform headquarters of Regulatory Reform Committee (December 12, 2000).

Therefore, the overall liberalization should be discussed on both power and the gas at an early stage, to increase customer's choices for retail. To encourage the market to be more competitive, as the wholesale power market set up last year is not so active, the existing general electric utility and wholesale electricity enterprises with many power stations should be mandated to generate more power, introduction of menus to facilitate power generation for the self-power stations and, for water and nuclear powers, which are advantages of the preceding enterprises, measures should be considered for the new enterprises to purchase electrically by priority to organize the market.

In addition, the authority of the electric power system as a neutral organization should be strengthened about the power transmission network etc. that are an indispensable facilities for a fair and appropriate formation of the facilities. Other systems should be reviewed such as the nationwide system plan for distribution and authorization for general power

stations to request constructions of the facilities, 30 minutes rules for the constant volume at the same time, and imbalance fee system.

b Dissemination and promotion of new energy

At present, new energies (under Special Act to promote new energies) are used in a wide range to about 5% of all the powers, including the wind force and the solar, etc. Most of them are excellent in characteristics as good for environment with less emission of CO₂ emission. Furthermore, it is profitable domestic production energy as the alternative energy to oil further for Japan as the country with small resource so that it should be more promoted to use it. In particular, it has been discussed on the fuel cell in various fields now recently achieved a remarkable advancement of the technology. In order to support this, the movement also organized the market conditions such as review of Fire Control Law, Electricity Enterprises Law, and the Building Standards Law from the legal perspective, but further progress should be made for regulatory reforms to use the new technologies such as a periodical review of legislations on a timely basis that new issues arise.

[3] Transportation

a Reform to change of the era

The Transportation field is closely related at the life of the people. Therefore, the people and the proprietors who are the receivers of services can feel the effect of regulatory reform directly. Up to now, a lot of regulatory reform in the transport mode and the improvement of related various systems have been attempted. On the other hand, from various viewpoints for improvement of further user benefits, convenience and less burden for users, and construction of global supply chain that centers in Asia, there are more needs for less cost, good quality and rapid service. In order to meet the needs, it is necessary to continue the studies on early completion of the inner sea provisional services and allocation of departure and arrival slots for Haneda Airport taxiway 4. For items for reform but not addressed, not succeeded, there should be a drastic measure taken to improve the competitiveness of Japanese industries and improvement of utility for users. It is now assumed that discussions are still needed based on the perspectives below.

b Various articles for Reform

The first is what should be of the automotive inspection system. The deregulation has been advanced by extending the validity of the motor vehicle inspection certificate related to this

issue. For instance, the validity term of the initial motor vehicle inspection certificate was extended from one year to two years for trucks of less than eight tons of the total weight in May, 2000. Moreover, the validity term of the initial motor vehicle inspection certificate of a small two wheeler is scheduled to be extended to three years from two years in April, 2007. Under these circumstances, in order to achieve a safe and eco-friendly automotive society, necessary measures to achieve the desirable system upon collection of necessary data in consideration of technical innovations, conditions of foreign countries and reduction of burden on the people.

The second is what should be of the competition policy in the overseas shipping. The overseas shipping is a field where the fare cartel by a so-called shipping union and it has been excluded from the subject of Antimonopoly Law (Competition Law) in the United States and EU. Australian government also made the policy of maintaining the exclusion of Antimonopoly Law for overseas shipping agreement in 2006. The application exclusion system was introduced for the agreement of the overseas shipping, in line with the Competition Law in 2006 in Singapore along with the enforcement of a competing method in 2006. The international harmonization is necessary, and the fare stabilizing effect of the shipping union is desirable for the shippers in our country in Japan so that the exclusion of Antimonopoly Law remains.

However, in Lisbon strategy provided in European Council (summit) in 2000 in EU, measures are taken toward review of the exclusion of the Antimonopoly Law after the liberalization of the transpiration industry would be accelerated, and the guideline concerning the information interchange etc. is being developed. The batch application exclusion regulations of Competition Law on the overseas shipping union were decided to be abolished in 2008. AMC (Antitrust Modernization Commission: anti-trust modernization committee) also conducts hearing son the needs of review for exclusion of the Antimonopoly Law application of overseas shipping enterprises from the parties concerned in the United States.

In the conditions of America and European countries, the rationality of the allowance of the cartel from the overseas shipping industry should be examined in Japan in terms of its characteristics.

Therefore, the exclusion of Antimonopoly Law application should be studied for the overseas shipping industry in consideration of the trend of foreign countries to contribute to profits and advantages of users and citizens eventually.

The third is a review of the importing and exporting customs clearance system for construction of the global supply chain. Each process from the product development to the

design and the material procurement, manufacturing, and sales was constructed as a series of chain so that the enterprises may adequately correspond to the market trend. It tries to shorten the lead time and to minimize the inventory cost. In recent years, such global supply chains are commonly established mainly in Asia, and the process becomes complicated more complicated.

Under these circumstances, various reform measures were progressed including the ratification of the international marine traffic simplification treaty (FAL treaty), further promotion of the one-stop service of the procedures related to importing and exporting and port related procedures, full-opening of major ports for 24-hours, and introduction of the specific export declaration systems. In spite of the trend of change, needs for the reform of the drastic measure of the importing and exporting customs clearance system are still high as the demand of the abolition of the bond delivery principles of the export customs and improvement of the specific export declaration system were submitted.

Improvements measures should be taken for the specific export declaration system such as flexibility of the government office procedures and clear definitions of the mixed cargo. In addition, the entire system of the import and export custom clearance procedures should be studied to shorten the lead time for importing and exporting while securing the compliance of enterprises and security in a mid term.

[4] Agriculture

a Independent Agriculture Industry

There are many farmers of a small-scale in Japan but the number is consistently in the trend of decrease according to the data of Agriculture of Japan. Additionally, the workers in agriculture are aging and they face the lack of an heir. The farmland also decreases every year so that the structure of production becomes brittle. However, it did not come to a severe condition to take drastic measures because the government took sweeping measures for the national border or the price policy, but the structural reform in agriculture is far behind other countries and other industrial fields in Japan. Therefore, the reform should be promoted as the first priority.

Currently, quite many proprietors of agricultures started to cover a business activity similar to that of other industries including management, marketing, sales and selling as they found a direct sales channel to individuals or markets to directly connect the production site and the consumers, not only production activities. The sprout for independence appears as an industry.

This is because farming proprietors supported by the consumers and the market produce inventiveness to cultivate a new market thanks to various elements including consciousness of safety of food, safety-oriented purchasing and diversification of needs in the background.

In the Enterprise Management, the most important thing is to conduct marketing activities to seek the needs of consumers of market under the self responsibility, which are also the requirements to win the competitions. It is also the same for farming, supports of consumers and market enables independent management on farming business.

In the development of such a business, the cost or labor that required for quality control, financing and marketing are considerable, which hardly compared to those who are supported by the conventional government policy.

In order for increase of productivity of farming in Japan, independence as a industry, and competitiveness to the world, measures should be taken to have a short term labor policy should be applied to encourage more farmers to be independent in a short term.

b Necessity of Structural Reform in Agriculture

The structural reform of farming should be accelerated for independent farming proprietors such as collecting excellent farmlands. Policy support for business opportunities, a management support giving information, financial support, and supports for entrepreneurs should be enhanced in the same manner as other industries for farmers and farmers-to-be. In particular, it is also essential to maintain the environment to promote the entry to farming of the private financial institutions and achieve a drastic reform within a couple of years.

Needless to say, the ratification efficiency improvement of circulation related to Agriculture is also indispensable to farmers' efforts to strengthen industrial power of Agriculture. In order to encourage this, the agricultural cooperatives which enjoy the advantageous status in distribution of farm products should be reformed including its financial businesses in order to be reliable by the farmers, and it is necessary to effectively function the competition in the farming products distribution market.

Nokyo is in doubt that their services could fall under an unfair mode of dealing under Antimonopoly Law, which might be claimed by the Fair Trade Commission according to the past issues of some Nokyos to execute unreasonable power. No exaggeration to say that the adverse effect could be exerted on promotion of the activation of farming and human development of entrepreneurs of farming, not only hinder a fair competition.

Therefore, it is necessary to eliminate unfair trades, especially pursuit of organizational

profits away from the principles to contribute to the union members, and take immediate steps for reform of the compliance of Nokyo which considered having no function of the internal management to eliminate unfair trades.

In addition, to promote the reform including business activities, and to become Nokyo truly be an organization reliable to the union member, they need to take further measures to secure transparency and achieve reliability of the society such as disclosure of the current conditions on its operation and management.

The Agriculture mutual aid system is reviewed for the risk hedging of the supporters. By abolition of unnecessary inspections, and shortening of the period required for registrations in the farming associated industries such as the pesticide, fertilizer, and varieties to register, cost effectiveness and efficiency improvement should be achieved in farming production. By the shift to the crossover corporate management stabilization measures introduced in FY2007, necessary measures should be taken for solutions of problems for the cases which have no smooth adjustment of use of farmlands between the certified farmers and the village farming organization as the proprietors in the region. with those who recognize it Agriculture by the Agriculture current management as the supporter in the region, and seeing the generation of case to which the use balancing in the farmland is not smoothly done.

c New innovation and emergence of new business models

In a mid-term, it is important to maintain the environment for which motivated and capable farmers supported by consumers and market without much supports of the country for a free competition at the early stage. For instance, measures should be taken to improve viability of economy through cost reduction by introduction of new technologies, elimination of inhibition factor of corporate management of farming aiming the international market and providing a proper environment for entrepreneurs of farming beyond the boarder of regions. For increase of corporate scales, it is indispensable to promote the direct investment to the farming business from people and the entry of private sectors to the farming business in the risk hedge. Finally, a new commodity and service would arise by maintaining the competitive environment, which would eventually be reflected to consumers and market by acceptance of free farming business styles which could lead the free and competitive environment.

Farming policies are at the turning point from the protective operations to a system to encourage and support specific farmer, therefore, various supporting system based on the involvement of farming organizations and the policies for development of the government

including the financial support should be at the stage of review. For activation of farming in Japan and improvement of independence and competitiveness as an industry, participation of the country and the Agriculture group should be minimized with a new concept, to create innovations and encourage emergence of new business models.

The reform of fields of forestry and fishery should also be investigated and discussed as it remained unconsidered in this council.

[5] Medical Care

a Meaning of past regulatory reforms

There are two types of regulations including direct restrictions for limitation of acts under the laws and indirect restrictions for lamination of non-financial incentive acts. In the field of medical care, there are many limitations such as indirect incentives by regulations of the total number of hospital beds, market entry restrictions of hospital management by corporation, and incentives by price control by public price such as medical treatment fee and medical charges, medical treatment and insurance applications, and limitation of practical drugs etc. Medical care is a field where many restrictions are bound by the government offices and administrations, in spite of the difference of nature, whether it is direct, indirect, or concerned with money, or non-money. Therefore, the committee considers the field of Medical as a government-driven market, and challenged various regulatory reforms.

One of the measures is “combined medical care services” for flexible operation of the public insurance by increasing the range of use of health insurance coverage and non-coverage. This issue was raised by the committee to seek a solution of the paradox between the objectives to apply advanced medical technologies to meet the various needs of public in line with the diversification of value and life style of people, and a significant increase of medical fees. As a result of the investigations and discussion, the public insurance supply became flexible concerning the use of advanced medical treatment or unauthorized drugs in Japan. More than that, this issue became the starting point to ask public on the scope of public health insurance to protect the national medical insurance system, individual payment of patients and self-support in the future, which has a considerable meaning. A certain result was achieved about the combined medical care. However, it is only a correction of the current insurance payment system when the current national health insurance system is regarded as the income. Therefore, in order to maintain the sustainable national health insurance system, it is required to make a consensus of

opinions on the burden and supply for those who have high income or low income, whether the fairness can be maintained between generations or classes of income. The formation of a national consensus concerning fundamental what should be of a public insurance regime is inevitable.

Therefore, the national health insurance system will be sustained in the future, while a drastic discussion according to continuing public insurance of what should be within the range of protection of public insurance etc. should be obtained so that it would be the system of the patient standard that reflects the intention of patients to achieve the patient oriented system. Conclusion is obtained as possible promptly. It is also necessary to keep the operation not to be too stiff with lack of viewpoints of users expecting the patient-oriented medical care regardless of which national health insurance systems are applied. It is also achieve the regulatory reforms for correction of operations aiming flexibility of the insurance coverage, as represented by the combined medical care services and diagnosis.

b Correction of structural problems in medical insurance system

The Medical insurance system in Japan hardly control the desires of the high income with less burden as a result of the economically rational acts of the patients or users, which could lead “moral hazard” as the basic issue.

In order to control the moral hazard like this, DPC has been partly applied in payment. However, there are no effective measures taken to solve this issue in principle, so that the it is all relied upon “consciousness” of the patients and users. Therefore, it is indispensable to solve the structural problem of such an insurance system to manage a sustainable national health insurance system in the future. This is because the system or regulatory reforms are necessary.

In a present medical insurance system, various problems exist excluding this. For instance, infant medical care was promoted by incentives of high medical treatment fee grading, but this would make a high burden on the patients for payment as a user while the parties in the medical care are motivated as a supplier. For specific medical care such as medical care for infants, a uniform reduction of the self-payment ratio for 30% but such a patient-oriented service are not covered by the current medical insurance system with a uniform self-payment ratio. Furthermore, there are quite a few issues to be considered in operation of the current medical treatment fee because the incentive point system is directly linked with money for evaluation. New systems to solve these problems and regulatory reforms will be required in the future.

c Reform to create a patient-driven system

If the medical system is opened to the user or patients to participate in, and to build the partnership with doctors reflecting the opinions of patients or various opinions, it would be extremely valuable to maintain fairness, equality and transparency and the patient-oriented medical treatment so such regulatory reform should be continuously advanced.

This council addressed the reform for: the patients must built the partnership with doctors and insurers to participate in their own treatment, obligation of disclosure of medical information of medical organizations and deregulation of advertisement for the patients to understand and build a good partnership with doctors, mandatory issuance of the receipts with descriptions of medical treatment to encourage the patients to participate in their own medical treatment, encouragement of people and doctors in the Central Social Insurance Medical Council as the opportunity to discuss public price to assess medical treatments. Such regulatory reform items will be reflected in the future medical system reform. It is an extremely important measure to proceed the medical reform by participation of patients while the actual reform has started in medical sites, which should be continued in the future.

The self-assessment based on the amount of the payment or benefits will also be effective for patients as the end user. By fixing the price by integrating the fact in the public price, a certain market mechanism is reflected on the price settings. Therefore, such regulatory reform to encourage patients' participation directly or indirectly on the medical policies should be continuously promoted.

d Improvement of efficiency, productivity and quality in Medical care

Regulatory reform for improvement of efficiency, productivity, and quality in Medical care is also quite important. To increase effectiveness and productivity in medical care is essential for mitigation of excessive workload of medical care workers, quality of medical treatment and correction of high cost structure. It is also important as a cornerstone of the evasion of the sudden rise of an excessive public financial burden in the future.

A certain achievement was made through promotion of IT in medical care such as online receipt requests and electronic carte concerning the medical fee, simplification of fee systems, correction of the medical materials, promotion to use the generic drugs, and promotion of the fixed amount payment method.

However, not only these reforms, regulatory reforms in a timely and appropriate manner to go into the substance of the field while paying attentions to the practical application of

these reforms. Further regulatory reforms for review of the existing systems for improvement of medical care is also necessary on a timely and proper manner, such as upgrade of standards of medical treatment based on scientific grounds, the practice (EBM), and medical care workers' knowledge and skills, measures to improve the quality of medical care workers who relate to specialist systems etc.

It is also important to establish regulations to prevent imbalance of quality medical care by regions or medical departments by providing quality and affluent opportunities of medical treatment.

e Meaning of new regulatory reform in Medical care

Improvement of global competitiveness of Medical industry in the world-

Regulatory reforms concerning social securities of domestic health and welfare administration and the Medical insurance regime are also important as above. What should be of the restrictions to contribute to development of medical care and the global competitiveness in the medical industry and the regulatory reforms will become very important in the future.

The Medical field is an expanding industry, and not only our country but also the other countries are making efforts to an industrial promotion. The industrial promotion plan of the medical industry that makes the world marketplace grow further. Japan also accelerates the medical advancement and promotion that has global competitiveness further, and aims at improvement of the technology development power and innovation. This is quite important and indispensable policies for the national strategies in the future. It will also be profitable to provide every country in the world with the result of achievements of the medical industry of Japan for contribution. In this term, regulatory reforms that contribute to such a performance will be expected to be promoted further in the future.

The government has been taking measures for medical care including Enhancement of medical care affiliated firm support of development of new drugs under the insurance system, human development such as fulfillment of educations for promotion of medical care.

However, in the current global severe competitions, further acceleration of the measures upon government policies is indispensable. Not an individual measure but the overall policy package should be planned for implementation about deregulation and restrictions that contribute to support the medical industry and its global competitiveness.

For instance, (1) mitigation of barriers to entry for promising new venture companies, (2)

enhancement of development capability through construction of public and clinical trial execution networks, (3) Medical Education reform for strengthening medical care workers' diagnosis and treatment ability, (4) establishment of advanced education of skills such as Medical Schools, (5) human development through exchanges of medical care workers at home and abroad, and circulation of resources, (6) further facilitation and speed-up of clinical trial and approval procedures of medical care and medical equipment, (7) further deregulation through facilitation and promotion of joint projects of academia, government and industry and translation researches, (8) a large-scale institutional reform in another field crossover not limited to the establishment of the intellectual property strategy for evasion of loss of opportunities through development promotion by the cross-licensing and the medical care patent disputes. Therefore, a comprehensive policies are expected to implement in a wide range in the medical care for regulatory reforms. Furthermore, the overseas presence of the Medical industry will be expected in the future, and regulatory reform to contribute to these becomes important. In advanced countries of medical care, patients are accepted from foreign countries to provide medical services, and have medical facilities in foreign countries to provide their medical services. This is a wide range of view of the medical services in global market, not only retaining the roles in the social security of the country. In the Medical industry, Japan is also currently exposed to severe global competitions.

In juridical of our country, there is no limitation for the medical organizations to provide services under the law, either having a base overseas, most of medical organizations in Japan still have narrow view only to the patients at home. There is no reason to stick to the domestic market or patients. There are cases that some medical organizations have a presence in foreign countries and positively accept patients from overseas if the world-class medical treatment is available. They widened the view to provide medical services overseas or for patients coming to Japan, without sticking to the fixed concept to take on a role of social security for Japanese people.

Thus, the regulatory reforms would have a significance in the future medical field through reforms in a timely manner to eliminate obstacles of regulations, in order to support promising and motivated medical care workers

4 Achievement of society that enables various working styles and re-challenges

(1) A comprehensive and fundamental reform of the labor law system

How to achieve the society that enables various ways of workings and re-challenges achieved

In the labor market of Japan, the drastic reform are required that might be called a labor big-bang for achievement of a fair work styles with dual career ladder system upon correction of unfair balance and diversified workstyles and easy shift or carrier up in the labor market. regulatory reform. Amongst, Regulatory Reform should be located at the center of the reforms, for solution of the problems and creating an optimum working environment corresponding to the change of time

In the field of Employment and Labor, However, the distance of the opinions is too far between labor and management, and the result of review in council could even be a result of compromises. The contents could also be “one-size-fits-all” regulations away from the reality.

This council published the opinions on “labor contract legislation and working hour legislation” on July 21 this year because of that.

It can be requested to the people to defend for the first time only when the contents are simple and it agrees with social common sense. In particular, that is requested more strongly about the Employment and Labor legislation that widely attempts the protection at the workers. However, the Worker Dispatch Law is complex in contents when taking it as an example of difference of dispatch workers and contract workers, business division of the contract, classification of 26 business, and other business, and it is difficult for the dispatched workers who actually on duty to understand the contents accurately. This is a serious problem from the viewpoint of compliance so that the laws should be revised to have the contents more understandable for dispatch workers and enterprises who use the dispatch service.

(2) Speedy solutions on issues

There are still a lot of unsettled problems including the issues to be considered this fiscal year or reviewed and concluded under the "Three-year Plan for the Promotion of Regulatory Reform"(Further Revised Version) (a Cabinet decision on March 31, 2005) in the field of Employment and Labor. A prompt solution of the hanging problem is a pressing need as follows to accelerate the speed of the reform.

The first is maintenance of the labor contract legislation. It should be noted to consider the fact of the work site including the small and medium-sized enterprises sufficiently, and to assume the labor and management autonomy to be basic when it undertakes the development of legal

systems. In that case, the financial settlement claimed by the party of conflicts of dismissal should also be discussed.

The second is a review on working hour legislation. When reviewing it, it should not be caught in the working hour, but it be noted especially to cover the exclusion system of the working hour restrictions including midnight work regulations while taking care of workers' health to enable an autonomous way to work.

The third is a review of the regulations over the dispatch labor. The discussion of the opening of a prior interview for the dispatched workers, other than the Temp to Perm as well as review on the mandatory application of the employment contract should be advanced toward the direction to achieve the conclusion as soon as possible.

(3) Drastic review of restrictions over dispatch and contract labor

[1] Problems in the present system out of the workplace

While 20 years have passed since enforcement of the Labor Dispatch Law, the number of dispatch workers who chose the working style far exceeds 1 million (Labor force survey detailed, by Ministry of Public Management, Home Affairs, Posts and Telecommunications Statistics Bureau. It reached 1.26 million as of the 3rd quarter of 2006). As job openings of part-time workers constantly remains in the society, the needs of dispatch labor by individual workers and needs of enterprises are now always exist in the market.

It can be said also for the contract workers which could exceed the scale of dispatch workers, in either case, this is the time to see temporary working styles without a negative view, which should be thought to be a status to free workers and enterprises.

For instance, understanding is not obtained easily from both parties of workers and enterprises to use dispatch workers to specify the term for a dispatch contract depending on the type of jobs. For general clerical works, it should be "temporary" status," though it is hard for enterprises to understand that office equipment operations does not fall into the category.

Certainly, it is desirable to increase opportunities of Temp to Perm or job Placement for the dispatching companies to provide job opportunities for those who the dispatch labor is one of the steps for the career. On the other hand, proper consideration is needed for these who request the continuance of works at dispatch to the same company if requested. However, the temporary dispatch status only valid up to three years in the job types with limitations under the current laws and regulations.

Even for dispatching companies, it is hard for them to consider the dispatched workers to

cover the same job by other dispatch worker again, so that the concept of Dispatch Worker (Dispatch = Temporary) became discrepant from their corporate management.

In terms of the contract workers (Ukeoi) does not conform to the standards (Notification by Minister) for difference of categories between Haken (temporary worker) and Ukeoi (contract worker): (1) the proprietor directly use the labor on contract (2) this is only a standard to protect labors and proprietors upon processing the assignment out of the other party of the contract, so that this is not good for protection of contract workers.

In short, such a complex system should be reviewed to be more practical from a viewpoint to protect dispatch workers and contract workers.

[2] Drastic review of the system

A drastic review should be attempted about Worker Dispatch Law to protect the dispatched worker to convert to the law aiming effective use of the dispatch.

There is neither classification by job type, nor lamination of the contract term of the dispatch. Under such a relaxed law system, the laws should be reviewed only to pursue protection and maintenance of dispatched workers (protection of labor).

In that case, it can be thought that the term of contract may be reasonably three years as a break, because some dispatched workers consider the temporary job as one step toward permanent job as a smooth transition period although it would be a problem if the preference of direct employment is pressed to the enterprise who accepted the dispatch labor. It is considered to the dispatch origin for the dispatched worker who directs the step-up though is in the uniform request of prior giving about the direct hire at the dispatch destination shape of application obligation of the employment contract the problem the way such as providing an opportunity of the negotiation by triangular including the dispatch destination is enough.

First of all, a specific way of proceedings should be consulted between labors and dispatch companies. The labor of enterprises accepting the dispatch labor should also play such a role, before referencing the laws.

On the other hand, the dispatch method should also be reviewed for contract workers based on the standards (Minister Notification) concerning the business divisions of dispatch and contract workers from the viewpoint of needs for improvement of skills and work conditions of contract workers, in concurrence with the revision of Labor Dispatch Law above.

What kind of law would be necessary for dispatch and contract workers if it is newly established? Japan is now required to seek the solutions for the future.

5 Regeneration of Education to be the base of nation-building with which creativity

(1) Shift to learner-oriented education system

It is a pressing issue to attempt the regeneration of education that becomes the base to advance nation-building with creativity. It is essential to provide an environment for all students to receive various education services equally depending on the level of ability or suitability. In order to achieve it, a learner-oriented quality education should be achieved through dissemination of the school selectivity, evaluation system of school or teachers by the students and parents, consistency of power and responsibility of the administration of education, and securing the quality of teachers.

There is no uniform specific medical care to improve the education quality of services for individuals since ability and an aptitude of one child would vary. Then, it should be proceeding the education voucher system to allocate education budgets based on the number of students, as proposed by this council, and it is necessary to create schools or develop teachers to provide quality education attracting many students by setting up the environment to encourage them to act with motivation and creativity.

It is also important for the government to clarify the minimum standard and the target of objectives for matters to secure as a country. In order to secure the minimum standard, it is essential to respond severely on securing the minimum level, and considers the conversion from the course-oriented education to achievement-based principles. In conversion to the post-check system, there should be specialized agencies of the school audit but, like Education Standard Bureau in England, the audit organization for the school evolution should be completely independent from the pertinent ministers and agencies of education, needless to say.

Moreover, it is important to classify the roles of the national and local movements in education in order to establish the learner-oriented education system. Therefore, the educators should have necessary power and responsibilities to create a body to secure accountability to the learners to create an environment in respect of independency and autonomy of each school. From this viewpoint, a drastic reform should be conducted on the school board system.

Teacher's quality is also a pressing need. With the current teacher license system, anybody can obtain the license as long as a predetermined unit of the teacher training faculty course concerning teaching jobs. Basically, teachers are automatically guaranteed with lifelong status with only one examination based on the license. However, teachers' skill or nature is hardly seen unless they actually teach the students, so that it is difficult to determine it by a prior screening. While there are quite a many teachers with devotion to education or self-training,

some are lack of zeal and leadership, and even causes scandals

Therefore, it is important to check teacher's nature periodically through a teacher evaluation system on site where the evaluation by the learner was mainly placed. Specifically, the assessment system for the teacher evaluation not only by the school board and principals, but also the learners to review the adequacy should be established. Eventually, teachers who are determined to have lack of nature and hopeless for improvement should be dismissed in a prompt manner. It would be reasonable for the learners who significantly affected by teachers to involve the assessment, which could be further effective to see problems and advantages objectively than principals or the school board who have no chance to see the reality.

In particular, for teachers of public schools, it is hard to dismiss them even though they have lack of skill because of the current public authority system. Therefore, it would be necessary to review the status of teachers in public schools as part of the reform of civil servants system that is addressed by the government.

(2) Review of advanced education organization

In this council, the functions and roles of compulsory educations, but it is important to consider the functions and roles of the advanced education organization to improve the level of an advanced education and academic research of our country. It is now necessary to review the presence and meaning of advanced education organizations, its evaluation system, and balanced allocation of research budget including the funds for competitive research fields.

6 Achievement of safe and secure living environment

(1) Child care

[1] Review of child care services as social-welfare system

In Japan, the sharp decline in the number of births progressed as the decrease of the total fertility rate since the second baby boom in the latter half of the 1960s, and the number reached 1.26 in 2005. It came to a quick change to depopulation society. Earlier than the expectation in 2005 (Vital Statistics (Ministry of Health, Labour and Welfare) in 2005). Various measures have been considered since Angel Plan in 1994. “New countermeasures against the falling birthrate” were finalized in the Depopulation Society Countermeasures Committee in June this year for further discussion of measures.

Under these circumstances, this council realizes that the upcoming five years is particularly important as the second baby boomers are still in their 30s. In order to achieve a vital economic society, this period is considered to be the intensive period of reform to be taken various measures effective to stop depopulation.

Accordingly, from the viewpoint of childcare, there are issues that need to be tackled as: (1) child care services corresponding to the diversification of working styles of women is insufficient, (2) limitation of child care services to be able to use although the current conditions of society with the background of lack of interpersonal relationship in the community or growing numbers of nuclear families etc.

A present child care system limits the object to child “lack of opportunities to receive childcare,” and is located as a social-welfare system to be provided with public funds or expenses. However, the administration should play a role to guarantee an accessible childcare system for all the households with children before elementary school with a certain level of services to solve all the problems. For instance, a private entry should be urged to fill various needs of the overtime childcare and the sick child as well as the child care of the convalescence, to meet the requirements of working hours of parents. Fulfillment of child care services should not only be attempted but also the diversity of service is secured with quality. The policy changeover in the child care from government to private sectors is a pressing need, so that immediate measures should be taken to maintain and expand the opportunities of child-nurturing support services with less public assistance.

[2] Conversion to the child-nurturing support service

For conversion of the child-nurturing support service, it is indispensable not to limit to child

“with lack of child care,” but also to have an accessible child care services for all children at the age of preschool. In order to achieve this, a direct contract should be allowed between facilities and users, and the childcare service fees should also be a service-based price system taking into consideration of families with low income. Accordingly, there should be flexibility in setting the contracts with the users. This would be effective to improve the system and create a system to meet specific needs of users.

It is also introduced in October this year, and Certified Childcare Center to officially start in FY 2007 has the system of both day-care and kindergarten system, so that it should be more accessible for users considering its requirements for enrollment and paperwork procedures upon review to disseminate the system. There should create a base of an integrated system of day-care and kindergarten facilities aiming the full-scale operation soon.

Moreover, since the user's load is made impartial, it is important to convert the system from the batch public grant to facilities to direct support system for individual households with children at preschool age. In that case, by changing the nature of day care as a social welfare system, the childcare should be considered to be supported by the entire society for mutual cooperation so the budget when the character of the child care as the social-welfare system is changed, and budgets from the existing childcare assistance can be integrated with insurance premiums as the resource from the social insurance system (Ikuji Hoken, childcare insurance (tentative name)). Establishment of such system conversion should also be studied.

[3] Achievement of various ways to support childcare

Not only the expansion of child care services but also the support of the enterprises and the government are necessary to support workers with children. Under these circumstances, the law for child-care leave was enforced in 1992, for eligibility of the child-care leave until the child becomes one year old as a right of worker. It was further reviewed to be accessible system of the extension at the child-care leave period in 2004. Moreover, the childcare leave allowance system was founded in the unemployment insurance system in 1995, and the amount of the supply has been increased in 2000. The acquisition rate of the child-care leave is still low, and exists in the situation that does not come up to as much as 1% about the man though the system is expanding in the enterprises to introduce a short working hours, flexible time system or installations of nursing facilities in office.

Therefore, childcare systems have been reviewed, while requesting enterprises to assist workers with children, in the progress of diversity of working styles and value of workers such as the child care leave system etc. There should also be measures to study company and labor support in a broad viewpoint for fulfillment and enhancement of the social system for

childcare.

(2) Living environment

[1] Formation of recycle society

Recently, the current social system were reviewed of mass production, heavy consumption, and a large amount of disposal under the Basic Law for Establishing the Recycling-based Society (No.110 of the law in 2000) (below, "Recycle Standard Act") of the circulation. It is now attempted to create the "society with less disposals of products, appropriate recycling of resources of used products, appropriate disposal method for recycling resources not to be reuse, control of consumption of natural resources and minimum load on the environment (Article 2)",As shown in this definition, the following are the high priority issues : (1) control of generation or emission of disposals, (2) reuse, (3) recycling society with a proper disposal method and circulating use is a problem that should give priority over a proper disposal as long as the negative environmental impact is reduced. (No.137 of the law in 1970) However, there are still many restrictions in handling unused recycling resources so that the disposal procedures were preferred under the regulations of Wastes Disposal and Public Cleaning Law (No. 137 of the law, 1970), "Waste Disposal Law" below) , which made disconnect the loop of recycling of resources. In order to go out of the current situation and promote the formation of recycling society, the residues should be considered to be one for disposal Not to have the disposals for reuse, but the residues under the provisions of Recycle Standard Act should be considered as an object for recycle, and other unused resources not for reuse would be properly disposed. Such a new approach is important.

Therefore, various systems according to proper disposal classification (e.g. designated types of industrial wastes), authorities and rights of disposals and waste processing vendors and various systems should be considered.

The number of illegal disposals, for example, the cases in Toyoshima in Kagawa prefecture, or the area at the boundary of Aomori and Iwate prefectures, is decreasing due to the effect of enhancement of penalties against illegal disposal, but it is further necessary to conduct research and measures for enhancement of traceability using IT such as GPS while promoting a proper control of disposals under the Disposal Processing Act. In addition, the research and measures such as strengthening the traceability in which the information technology skill such as GPS is used should be advanced. Moreover, the problem of illegal disposal is not limited within the country, and there is a difficult case to recycle and proper to process about the toxic waste etc. in the developing country etc. It is necessary to create an

environment to be able to promote the international resource circulation in Asia especially including the import of waste from the developing country etc. to make the best use of a high recycling technology of our country when contributing to the reduction of the negative environmental impacts through technical assistances and eco-friendly promotion of the entire earth.

Further measures should optionally be discussed continuously on the transition of the situation about social asbestos problems which were disclosed last year though measures for a series of institutional reform and the relief of the victim including the revision of Clean Air Law should be lectured.

[2] Terrestrial environment preservation and diversification of energy

The situation in which it is in the fact that increases compared with the extension of current measures 1990, and is doubted the reduction obligation of 6% can be achieved from 2008 to 2012. Although the green house gas mitigation of 6% is obligated in the Kyoto Protocol that came into effect in February, 2005 compared with 1990. "Kyoto Protocol Plan (a Cabinet decision on April 28, 2005) includes various measures to achieve the target but it is still unclear if the reduction target can be achieved.

Japan is a forest country where the forest occupies two thirds of the domestic total areas. As shown in the Forest Basic Plan (a Cabinet decision in September 2006) under Forest Basic Law (No. 161 of the law in 1964), about 3.8% of annual total emission was set as the target of the Kyoto Protocol but the absorption ratio could be significantly less than the target if the current maintenance system of the forest goes at the current level. In order to promote the forest maintenance under these circumstances, enterprises should be actively participating in activities in keeping the forests, not only the forest proprietors. There should be a certain system to improve the corporate value in addressing the absorption of carbon dioxide and measure should be considered to make use of the power of private sectors.

The most promising disposal power generation among new energy is set as 41.7 thousand kW by 2010. But in order to achieve the target, further measures should be taken. The currently power generation efficiency remains low as about 10% in most generation facilities, and an immediate dissemination of a highly effective waste-power generation is necessary though the generating efficiency of the present waste-power generation reaches about 30% in the facility at a high level. The heat recovery of the waste-power generation etc. (thermal recycling) should be promoted as a reasonable recycling technique based on the priority of provisions in the Basic Law for Establishing the Recycling-based Society with reasonable cost-saving and heat recovery efficiency. In particular, it should review it in the direction

toward the heat recovery as it should not be reclaimed but used for reuse after promoting the generation control and regeneration, as well as securing the heat recovery rate more than constancy for the waste plastics. Besides this, the review of the relating restrictions should be positively discussed for promotion of use alternative energies in the future.

(3) Residence and land

The stimulation of economic activity and improvement of the quality of life are in need further in the development of the less children and aging society, the coming of the depopulation society, and the diversification of the lifestyle. Therefore, the ideal restrictions of the Residence and Land corresponding to the change in socioeconomic circumstances should be reviewed continuously in the future.

[1] Improvement of reliability of buildings and promotion of renewal of old buildings

The structure calculation scandal that had come to light last year had a great shock on the people's trust of the safety of buildings. Following this, a series of measures were taken including revisions of the Building Standards Law and the Architect Act while there are some issues remaining such as strengthening the supervisory system of the government offices on buildings, securing of the warranty of the venders against defects of houses. Therefore, attention should be continuously paid if appropriate measures are taken for the safety of the building in the future.

Moreover, the existing buildings of the old seismic criterion in particular before 1981, might have no seismic durability, so that certain countermeasures should be taken for the buildings such as refurbishment or reconstruction in case of disasters unexpected, but due to the cost, there is also great the expectation for the promotion plan of the country. The support plan should be enhanced since it contributes to the formation of a good quality stock to make buildings earthquake-proof while the diagnosis of anti-seismic performance and seismic retrofit have been applied to houses and buildings under the law (No.120 of the law in 2005) that revises part of the law concerning the promotion of the seismic retrofit of the building. Concurrently, it is necessary to study an evaluation system for risk management by seismic measures. On the other hand, it is also necessary to review the use policy of the overall design system for buildings which could have a factor to inhibit the reconstruction due to lack of floor area ratio because of the difference of the legislation with architecture this time.

Moreover, there are earthquake insurance systems to save victims after Great Earthquakes are available, but measures to link such rescue plans and approaches to suppress damages such as earth-quake proof refurbishment and reconstruction are not enough. For the disaster

victims support system, it should increase the scope with reasons but it would be necessary to consider three elements including feasibility, fairness and seismic proof performance, which should be effectively linked with the seismic proof promotion systems before the occurrence of earthquake so the government should take measures to mitigate the loss as a nation by taking certain measures in advance. In this sense, the systems for the disaster relief related insurance and grants related to earthquakes, including earthquake insurances, should be reviewed to cover the risk based on the assumption upon the seismic test of buildings.

[2] Review of system for effective land use and urban environment

In the city planning, a specific discussion of the usage restriction strategy should be advanced from the viewpoint to design an urban area desired. The current operations and issues should be summarized for review in consideration of the performance-based strategies for the surrounding environment of the area in order to achieve the city planning corresponding to the diversification of declining birthrate and a growing proportion of elderly people and various lifestyles.

From the viewpoint of effective use of lands, it is necessary to study policies to accomplish the original purposes of the area corresponding to the move of people to urban area, control of loads on infrastructure and maintenance of good suburbs environment concerning the regulations of the floor area ratio. In particular, the promotion of the centering of an urban area functions is indispensable for innovation to contribute to growth of the town in the future with the move of people to the center of the city. From this viewpoint, there should be regulatory reform to mitigate the loads to the transportation infrastructure due to centralization of the residential area.

If the load to the infrastructure can be reduced by the methods other than the rate of building volume restriction, the floor area ratio restriction can be alleviated when an excellent urban environment is maintained and the center of a city accumulation be promoted since one of the purposes of the floor area ratio restriction is control of the load to the infrastructure. The introduction of the time difference fee system into the railway and the road, etc. is effective as the derating plan to a traffic infrastructure. The situations of railways should be studied consideration of the services of IC card ticket, while the road can be assessed with ETC (Electronic Toll Collection System). As a measure to control the infrastructure load, the time-difference transportation fees had been studied repeatedly up to now related to one of the drastic review plans of the rate of floor area ratio restrictions that would affect the effective use of lands.

As a result, under “the “Three-year Plan for the Promotion of Regulatory Reform” (Further

Revised Version) (a Cabinet decision on March 31, 2006), the following points were studied related to the introduction of the time difference fee system, (1) systematic issues (2) process (3) political meanings (4) technical meaning, (5) technical issues (possibility of the use of the IC card technology) (6) feasibility of test.

In the FY2006, the hearing was conducted for the situations. The following are comments from the “IC card ticket study” in April 2006 by the Ministry of Land, Infrastructure and Transport.

- The railway proprietor have been studied on the time difference fee (distance for off-peak of Fuji Right Rail) is hardly said to be a sample of the time difference fee system that is assumed for the purpose.
- There is no enough explanation on the political meaning of the study, as only stated as “possibilities of the time difference fee system”. For the survey, it is necessary to collect opinions upon setting a difference of prices, assuming a clear viewpoint for improvement of services to users such as the increased income by the price hike may be adapted to the future projects of dual track or underground train systems.

Moreover, the following are assumed from discussions in Comfortable Commuting Promotion Committee:

- Although it is said to be difficult to reason the price hike for the peak hours for investment of alleviation of the congestion such as increase of the number of trains in the current situation as the congestion ratio remains low, it might be mainly because of dispersing to suburbs. The discussion should be continued about the maintenance of a public transport infrastructure in considering the effective use of the city and land in the future.
- Whether designing the appearance of the society where the advantage of the time difference fee system was maximized as not for a short-term aspect that makes the price system assumption but a mid or long-term aspect, and indicating the life of the people that required them and what should be of the enterprise etc. the start of work time of enterprises and the school are necessary. Upon discussion on these aspects, it should be studied how the trend of commuting and going to school would change.
- After the above-mentioned image is clearly shown upon consideration of more residents and commuters, the opinion should be consolidated.

In this council, introduction "of the time difference fee system in the commuter was not fully discussed, and considered that more discussion is necessary from the above-mentioned viewpoint with this finding included in this Three-year Plan as a result of this survey.

The introduction of the time difference fee system in the commuter is not a subject for the

railway policies but for a crossover subjects including city planning and housing policies. The appearances such as the city, houses, and the city infrastructures should advance the discussion in mid or long term under such recognition based on the issues widely cover the country policy. Moreover, it is important to study from the aspects of the user commuters and enterprises. Based on this, the government should review the current conditions to convert to active posture of positively involved from passive posture of waiting for the specific approach of the railway proprietor's to promote the introduction of the time difference fee system in the commuter on that as the government.

Secondly, the urban area has a constant restriction about the effective use of the urban space in the development plan since it provides the limitation from the viewpoint that attempts securing safety in the space utilization of construction in the road district etc. though development that have several blocks together when the function is updated might be necessary for areas where a lot of narrow streets exist. With such a restriction, when a building is constructed across several blocks, the plan of development might propose to use the road unused on the street as an area of the building under the existing law. Therefore, it should be continuously studied whether there are any points need to be improved in terms of use of the occupied systems and use of road areas based on a practical case studies and concepts for development of the entire district of a certain area including the surroundings to improve the environment, such as any influences on functions of the existing roads.

In order to design the landscape of the area, it should be discussed on the technique for analyzing both of the spectacle value and profit loss by defending the spectacle value related to restrictions so as not to excessively control the urban area by the floor area ratio and building height.

[3] Formation of real estate market with high transparency

The formation of the real estate marketing where the transparency is highly trusted in the changes of society from the expansion type to one for effective use of stocks. From the viewpoint, the system to collect and provide real estate information should be further promoted. In most of advanced countries, real estate value of the transaction information is disclosed but it was just started in Japan tentatively. The contents and number of cases are also small, therefore it is necessary to take measures to increase the range of information and data collection, as well as to provide and collect the real estate value information in a neutral manner while protecting the rights and profits of individuals, while summarizing the actual sales price for sellers in order to mitigate the concerns on the land market.

In the registration system of lands as a basis of the trading of real estates, the so-called

middle omission registration is currently required, which only allowed with a duplicate of application forms instead of the registration certificate under revision of the Law concerning the Registration of Immovable in FY2004 (No.123 of the law in 2004) . The duplicate of the application form is no longer acceptable under the current law. It was pointed out on the consistency between the operations of the registration and the case studies of the trial of Supreme Court (on September 21, 1965) and the registration fee also increased.

If there should be the three parties' mutual agreement for change of the property rights of from A, B to C, the middle omission registration may be appropriate because it was originally accepted as it plays a social role to promote the effective use of land and flow of real estates while meeting the needs to lower the commission fees for the deal. At least, in order to ease the inconvenience without the middle omission registration, the real estate registration systems should be reviewed based on the principles to disclose the change of property rights on real estate, while achieving the consistency of the entire system to meet the needs of the practical system of the transaction. Any conflicts in understanding of or disagreements in legislation should be promptly cleared if any.

In addition, about 460,000 families that are about 18% of four people or more of the home about 2.57 million families are less than minimum housing standards, and the improvement of the quality is requested though the number of stocks of the entire rental housing is accounting for 30 % (17.17 million households and 53.89 million households of the number of total houses) about the rental housing market now. Moreover, there are a lot of cases that are the obstructions of healthy development of the rental housing market like the trouble etc. over the recovery obligation before moving or restrictions to the elderly the handicapped, a small family with children and non-Japanese. In addition, a present rental housing system is an curtail obstacle against development of the market as the importance is placed on the lessee's rights. It means that even though the owner plans to reconstruct the building, a tremendous amount of a clear out fee would be required, which could exceeds the rent income obtained till then as a clear out fee. By solving these problems, it is necessary to study polices to encourage healthy development of the rental housing market.