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(Provisional Translation)

Statement by Prime Minister Junichiro Koizumi (Regarding Comprehensive Measures to Accelerate Reform)

October 30, 2002

The Government of Japan will rapidly implement the "[Financial Revival Plan](#)" that has been drafted towards a final resolution of the issue of non-performing loans by the end of FY 2004. By implementing this plan, we strongly expect that the ratio of non-performing loans over entire loans in FY 2004 will be reduced to approximately half the level of the ratio at this point in time and that, through normalizing the situation, financial intermediary function will be recovered and the nation's financial system will be revived. In implementing this, due considerations will be given to facilitating the financing for small- and medium-sized enterprises. The concerned ministries, agencies and government organs will unite to make every possible effort to rapidly achieve early revival of Japanese enterprises and to secure employment.

Over the two and a half years that remain before the end of FY 2004, by which time the issue of non-performing loans will have been resolved, the Government will implement all possible measures to ensure that our people can follow their lives without worries and our enterprises can continue to engage in business activities without undue concerns. Specifically, while giving consideration to the deliberations of the Council on Economic and Fiscal Policy, the Government will:

Strongly implement industrial and financial policy measures in an integrated manner such as the establishment of a new institution for revival of enterprises and radical revision of the Law on Industrial Revitalization, aiming for industrial reorganization and prompt revival of enterprises.

Reinforce safety net for employment, and strive to secure and create employment opportunities in response to the increase in unemployment accompanying the disposal of non-performing loans.

Strive to ensure that small- and medium-sized enterprises are provided with sufficient credit via credit guarantees and credit provision by government financial institutions to avert any credit crunch from unwillingness of banks to extend credit, etc

The Government will continue to examine specific measures as above, that are necessary to support implementation of this "Financial Revival Plan". The government will further accelerate the ongoing reform efforts via the four main pillars of "financial system reform," "tax reform," "regulatory reform," and "reform of the Government spending" for the purposes of overcoming deflation and achieving the economic revitalization. In doing this, the Government will:

As for tax reform, carry out advanced implementation of the deepest tax cuts possible in excess of 1 trillion yen. Topics such as reduction of tax burden placed on enterprises; integration of inheritance tax and gift tax systems, modalities of housing tax system and tax system to promote efficient use of land, as well as simplification of tax system on financial services and securities will be studied.

As for regulatory reform, the Government will promote early introduction of Special Zones for Structural Reform, enrichment of contents in programs of these zones, as well as deregulation in areas where public sector has strong influence. The Government will also advance urban renaissance projects that contribute not only to vitalization of securities and real-estate market but also to inducement of private investment and consumption.

Today the Bank of Japan adopted measures to ease its monetary conditions. The Government will work in one with the Bank of Japan in taking strong and comprehensive measures towards overcoming deflation and stabilizing the financial system.

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