

European Biz Group Hails BOJ's Stock-Buying Scheme

Tokyo, Nov. 22 (Jiji Press)—The trade policy arm of the European chambers of commerce in Japan on Friday threw its support behind the Bank of Japan's decision to buy shares from banks in a bid to make them less vulnerable to stock price fluctuations.

The European Business Community supports the action "as a catalytic measure hopefully leading to the injection of public funds," it said in its 2002 report on the Japanese business environment.

The public fund injection "could contribute to the reinstatement of confidence in the Japanese financial system" at a time when revitalizing the Japanese economy is one of the most important issues facing the world's second-largest economy, it said.

Citing the government's plan to push back the lifting of a blanket deposit guarantee by two years to April 2005, the report said that this gave the impression "the government itself is not convinced" about the health of Japanese banks.

The report contains requests for regulatory reforms in Japan in 29 business areas ranging from taxes and food to airlines.

The EBC welcomes the introduction of group taxation, but the business group is requesting the immediate elimination of a 2 pct surtax levied on companies adopting consolidated taxation.

Richard Collasse, chairman of the EBC and president of Chancel K.K., said European firms are frustrated Japan now has "a consolidated tax system that nobody wants to use."

Announcing the report, Collasse pointed out that "significant new investment from Europe will not happen unless Japan moves fast to improve the business environment and show the world that it is changing for the better." Meanwhile, in Europe, China is seen "rightly or wrongly, as the new business Eldorado."

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