

# European firms call for deregulation

Kyodo News

The European Business Community in Japan on Thursday called on the country to improve the investment climate through drastic deregulation, saying the move is an essential part of fulfilling Prime Minister Junichiro Koizumi's pledge to double foreign direct investment in Japan in the next five years from 2003.

In releasing an EBC report on the Japanese business environment for 2003, organization Vice Chairman Duco Delgorte said Japan risked falling way behind its Asian neighbors if it fails to take decisive action to lure foreign investment.

Delgorte, general manager of Puratos Japan Co., told a luncheon meeting with Japanese officials and business leaders that Koizumi's structural reform programs, such as the creation of special deregulation zones, "have done little to address many of the outstanding issues foreign firms face doing business in Japan."

The report urges Japan to allow private

companies to own or operate hospitals, or do both, anywhere in the country.

The call comes after the government launched deregulatory measures earlier this year that will allow joint stock firms to own and operate medical facilities—but only in special deregulated zones.

"Such facilities will only be allowed to provide medical services for a limited range of procedures," it says. "The EBC feels that allowing stock companies to own medical facilities will lead to an increase in management efficiency and help the Japanese government control medical expenditures."

The report—the fourth of its kind—details current situations, problems and recommendations for outstanding issues in 29 sectors, including legal services, tax, insurance, airlines, food and environmental technology.

Ichiro Fujisaki, deputy foreign minister for economic affairs, said foreign direct investment would play a crucial role in ensuring Japan's budding economic recovery continues and that the government is "serious" about taking up the proposals.

Fujisaki, who attended the EBC meeting, promised that he would hand a summary of the 96-page report to Koizumi.

Fujisaki voiced hope that Japan would be seen as a country pursuing deregulation, drastic structural reforms and recovery, not one weighed down by an aging population, debt and deflation.

The report also calls for nullification of a telecom ministry decision in April to allow NTT Corp. to raise by an average of 5 percent the connection fees it imposes on other carriers using its fixed-line network.

"In many cases, such as the recent decision to increase telecom interconnection rates and the decision to levy the corporate enterprise tax on criteria other than profits, it could be said that the situation (regarding the investment climate in Japan) has, in fact, worsened," Delgorte said.

Interconnection charges in Japan are at present up to 50 percent above comparable rates in other Organization for Economic Cooperation and Development member countries.