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Title	<i>European business chief urges Japan to deregulate</i>

An association of European businesses in Japan called Wednesday on Tokyo to keep up deregulation, saying that the world's second largest economy must not suffer from "reform fatigue."

Japan has made some progress in opening its markets to foreign businesses, but must do more, said Richard Collasse, chairman of the European Business Council in Japan.

Strict regulations on flows of goods, professionals and capital were depriving Japan of possible foreign investment, he told reporters.

"We believe Japan is suffering from reform fatigue syndrome and needs a new approach," said Collasse, who is also president of the Japanese branch of French luxury house Chanel.

He said that further reforms could include deregulating trade in areas such as electronics, machinery and toys as Europe and Japan already have similar industry standards in the area.

But strict Japanese rules in various sectors, including finance, medicine and telecommunication, were inhibiting exchanges, he said.

He also said that some reforms were only reactive.

"There is a strong feeling among our European members that the reforms that were taken thus far ... have been very largely corrective measures, which are tailored to help the domestic industry and the government to overcome previous shortcomings," he said.

Japan's former prime minister Junichiro Koizumi spearheaded free-market reforms during his 2001-2006 tenure, most visibly breaking up the post office monopoly.

But the opposition won a sweeping victory in July elections after a campaign in which it charged that reforms were hurting vulnerable people.

Current Prime Minister Yasuo Fukuda has pledged to tailor reforms to ease the pain of the countryside and other affected areas.