

Regulatory Reform and Competition Policies

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Role of regulatory reform in Japan

- Is competition policy targeting for only private firms enough?
- Removing regulations preventing the market entry of for profit firms in health, education, legal services, agriculture;
- Setting regulations for equal playing fields for public and private competitors; postal savings based on government guarantees and tax credits;₂

Characteristics of Social regulations

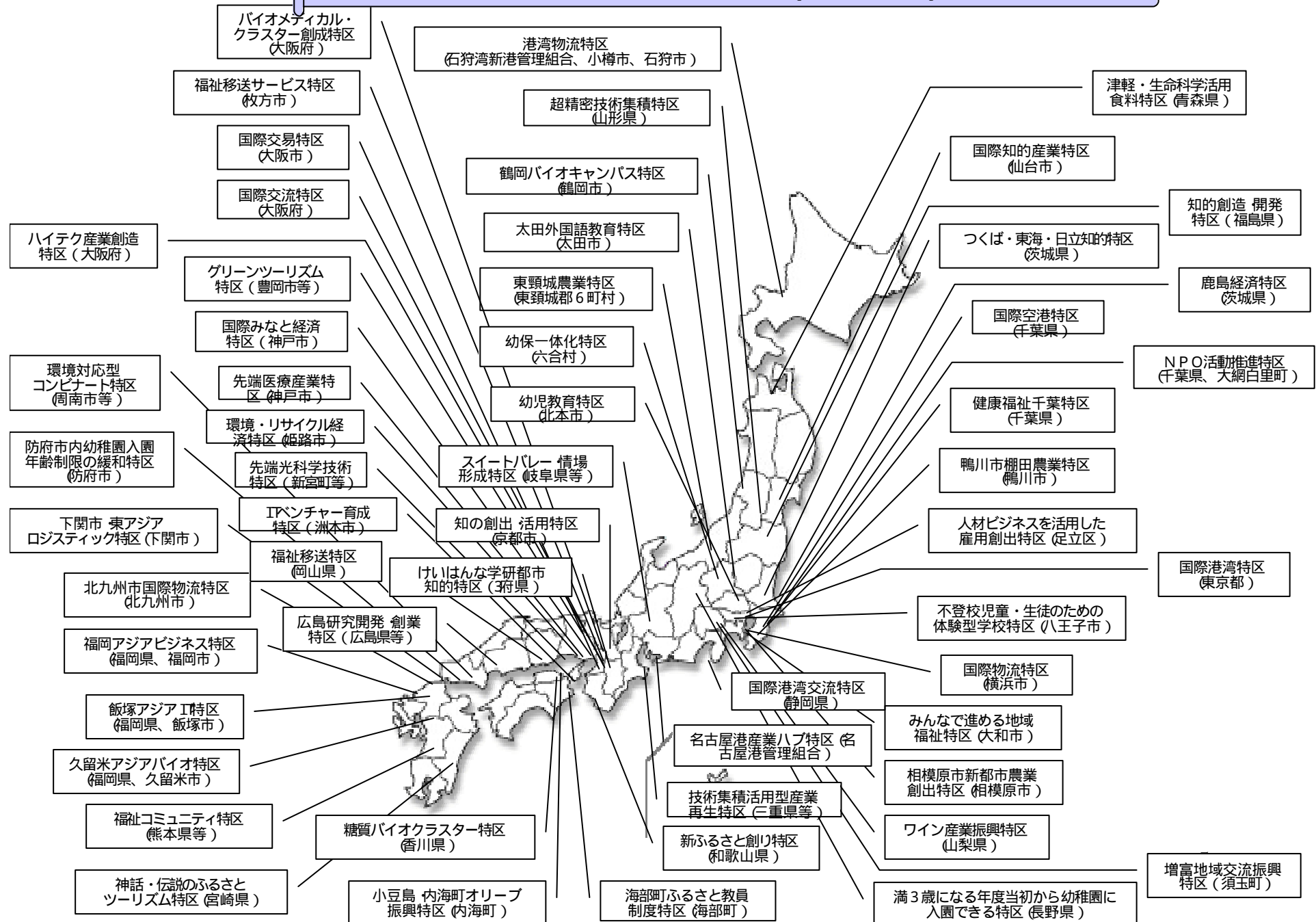
- Social regulations affecting for maintaining the consumers' safety;
- Asymmetric information on quality of services between providers and consumers;
- Merit goods/services have to be provided by government or not for profit producers;
- Regulation on the entry not necessarily the behavior of providers

Special Zone for Regulatory Reform

- Social experiment for de-regulation to speed-up the nation-wide regulatory reform;
- Local governments' initiative for waving current regulations for new business activities to promote competition between local governments;
- Prime Minister's Cabinet accepts the offer by local governments to negotiate with ministries ;
- List of the regulations to be waved is up-dated based on the requests bi-annually.

8. 構造改革特区第1弾認定(4月21日)の分布状況

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How to remove subtle regulations

- In theory no regulations, in practice no entries, because of subtle regulations;
- Administrative guidance not based on laws;
- Private initiatives needed to clear up subtle regulations for stimulating competition;
- Stimulating local government appeals to the Prime Minister's Cabinet;
- 164 special districts established, 80 nationwide deregulations based on local initiatives