

28 July 2008

Dear Prime Minister Yasuo Fukuda,

Request for emergency measures on the steep rise of prices of necessities of life such as crude oil and food

Prices of crude oil and food have continued to rise steeply, dealing a blow to the lives of working people in Japan.

An increasing number of people believe that the Japanese economy faces a further slowdown, and there is concern that there will be further pressure on the livelihoods of poor households.

While the government has adopted measures against the steep rise of the prices of crude oil and other commodities, RENGO strongly demands the following emergency measures in particular.

Measures to be implemented urgently

1. Consider implementing an income tax reduction focusing on middle- and low-income people and establishing a subsidy system for poor households in order to mitigate the fall of real income caused by the steep rise of the prices of crude oil and food.
2. Review livelihood assistance standards and improve the application acceptance system for livelihood protection, etc. As an emergency measure during the period before the completion of the review is finished, an amount equivalent to recent price increases (about 3%) should be added to the livelihood assistance standard with funds provided by the government.
3. Ensure proper preparation for the implementation of a “welfare heating oil system” to provide a subsidy equivalent to the increase in heating oil prices to poor households and implement measures to counter the steep rise of the crude oil price in anticipation of the arrival of winter. The necessary funds should be provided by the government.
4. Freeze the “temporarily” raised tax rate for the gasoline excise tax etc. in FY2008 and abolish it from FY2009.
5. Consider support measures such as distributing the national oil reserve, which was accumulated at low prices, to small- and medium-sized companies and subcontractors that are suffering a major squeeze on profits as they use large

amounts of crude oil, but are unable to pass on the effects of the price rise. In the medium- and long-term, increase the reserve to the level of the last 365 days.

6. Ensure that laws such as the Anti-Monopoly Act and Subcontracting Act are observed and that guidance toward industry based on fair trade guidelines is followed in order to allow small- and medium-sized companies to pass on the effect of the price rise properly.

Measures for the stabilization of prices

7. Endeavor to increase crude oil production and lower international prices by strengthening the relationship with oil producing countries and through international cooperation. Ensure the thorough recycling and reuse of products based on consideration for the environment and strongly promote energy- and resource-saving measures and subsidy measures in order to reduce the consumption of goods such as oil.
8. Increase the production and consumption of domestic agricultural and fishery products by promoting the domestic agricultural and fishery industry as well as the idea of local production and local consumption in order to improve the food self-sufficiency rate. Adopt the concept of “food mileage” and realize a food policy that take the environment into consideration leading to an increase of consumption of domestic agricultural products.
9. The Japanese government should take leadership in the area of international regulation of speculative money such as hedge funds, strengthen international information supervision, and secure the transparency of the market. Seek, at the same time, stable and appropriate foreign exchange rates.

Tsuyoshi TAKAGI

President

JTUC-RENGO (Japanese Trade Union Confederation)