

Policy and Policy making in Japan

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Tokyo

Energy Security

- Supply disruption : 1973, 1980, 1992, 2003
- “Managed Security” to “Dynamic Market”
- Common Issues and Different Method
- Emergency Response: Price and Production Control
- Stockpile Building
- Supply Source Diversification
- Demand Side Flexibility
- International Cooperation (IEA)

Japanese Policy Making

- Leading Role of Central Government
- Cooperative Relation between Government and Industry
- Consensus Process
- Civil Law Tradition, Parliamentary System, and Strong Bureaucracy
- Merit System, Lifetime Employment

Japan's Response and Performance

- Enactment of “Emergency Law”
- Price and Production Guideline (Petroleum Industry Law)
- Incentives and Long-term Energy Outlook
- High Performance in Energy Efficiency
- Slow Process of Complete Liberalization

Legislative Process

- Cabinet Sponsored Bill: Consistency, Integration
- Consensus within the Cabinet (among Ministries)
- Full Consent by the Supporting Parties
- Majority Vote in Committee and Floor of the Diet

Advisory Council

- Identify Issues
- Formulate Policy Response
- Examine Critical Legal & Technical Issues
- Consensus among Critical Interest Groups
- Public Interest Endorsement
- Secretariat Work by Responsible Division
- Selection of Members, Consensus Rule

Encyclopedia Britannica Case

- Aggressive Credit Sales of English Encyclopedia on the Street
- Strict Company Policy against Revocation
- Massive Consumer Complaints
- Introduction of “Cooling Off”

Unleaded Gasoline Case

- 1974
- Few Medical Data on Damage of Lead
- Coordinated Action by Auto Companies, Auto Dealers, Gas Stations & Refineries
- Implementation without Legislation

Recent Development

- Transparency
- Consensus Rule
- Public Comment

Cabinet Legislative Office

- Examine Ministries' First Draft
- Drafting Technique
- Definition, Structure, Balancing Interest
- Constitution, Precedent
- Civil Law and Common Law

Cabinet Approval

- Cabinet as an Unity is Responsible
- Approval by Vice Ministers Meeting
- Approval by Cabinet Meeting
- Precedent and Reciprocal & Long-term Relationship

VAN

- Value Added Network : Regulated or Free
- Telecommunication or Online Data Processing
- MPT and MITI
- Turf Battle and Policy Battle
- Power and Leadership of Prime Minister

Supporting Party Process

- Party Line Voting
- Consensus Process

- LDP Structure
- Economic and Industry Committee
- Policy Council
- Coalition Process

Parliament Process

- Committee Deliberation
- Floor Vote
- Amendment

Government and Business

- Ex Post Regulation
- Ex-ante Regulation
- Administrative Guidance
- Financial Incentive

Ex Post vs. Ex-ante Regulation

- Ex Post
 - Self implementation
 - Enforcement through Judicial Process
 - Legal Uncertainty
- Ex-ante
 - Prevention through Government Scrutiny
 - Against Creativity
- Regulatory Reform
 - Discretion, Transparency, Accountability

Administrative Guidance

- (Energy Crisis Response)
- Throughput Guideline, Production Guideline
- Not as an Application of “Emergency Law”
- (Export Restraint)
- Steel, Color TV, Auto
- Guidance vs. Export Control Ordinance
- (Unleaded Gasoline)

Pros and Cons of Administrative Guidance

- Pros
 - Quick, No Law Suits, Flexible
- Cons
 - No Drastic Changes, Less Transparent
- Evaluation and Changing Environment
 - Flexible Adjustment and Difficult Complete Removal
 - Administrative Procedure Law

Incentives

- Tax Incentives: Energy Efficient Investment
- MOF
- LDP Tax Committee
- Subsidy (R&D) and Special Account
- Evaluation
- Most Energy Efficient Country
- Price Effect
- Announcement Effect

Integration

Long-term Energy Outlook

- Guideline for Energy Mix
- Demand Forecast and Supply
- Objectives :Energy Security, Efficiency, Environment
- Policy Line-up
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Structural Changes and Policy Development

- Administrative Reform
 - Administrative Procedural Law
 - Transparency
 - Arms Length Relation
- Economic Reform
 - Economic Policy under Global Market
 - Regulatory Reform
- Change in Bureaucracy