

January 14, 2015

**Statement by Yasuchika Hasegawa, Chairman of Keizai Doyukai
On the Approval of the Fiscal 2015 Government Budget Draft**

1. Today, the Cabinet approved a draft budget for fiscal year 2015 with new JGB issuances of 36.86 trillion yen. The administration is likely to attain its goal of halving the primary balance deficit ratio from the fiscal 2010 level despite the delay of the consumption tax hike to 10% for one year and a half as well as the likelihood of more time needed for Abenomics to take full-fledged effect. Factors such as corporate tax increase as a result of robust corporate earnings are behind the improvement of the fiscal conditions. We appreciate the government's clear message from the budget draft that both economic growth and fiscal consolidation shall be achieved.
2. We, however, should not overlook the size of the total expenditure, a record 96.34 trillion yen. Efforts for trimming the expenditure focusing on social security as the biggest issue are certainly not sufficient although the nursing care compensation will be decreased.
3. Spending cuts, revenue increase, and economic growth are definitely to be achieved at the same time for the primary balance to turn into a surplus by fiscal 2020. We request the government to steadily implement the growth strategy and present a path toward a far-reaching but painful system reforms through a thorough review of the social security costs that is the main cause of the swollen expenditure.

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