

March 16, 2016

**Statement by Yoshimitsu Kobayashi, Chairman of Keizai Doyukai
On "Shunto" Spring Wage Negotiations 2016**

1. Most Japanese companies have settled the labor-management wage negotiations today for Shunto 2016. The wage level agreed is less favorable than the last year to the labor across the industries amid the uncertainties going forward such as China's economic slowdown and the strong yen/lower share prices. That said, we welcome the pay scale hike led by major companies for three consecutive years, which we hope will drive the favorable trend to be disseminated to the local economies, medium to small companies, non-manufacturing industries, and others.
2. Japanese companies cannot sustainably raise wages in real term without productivity enhancement that they can realize through stimulating business metabolism and creating innovation as well as more earning power that will come through. In this regard, corporate executives are urged to courageously pursue management reforms.

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