

September 21, 2016

**Statement by Yoshimitsu Kobayashi, Chairman of Keizai Doyukai
On Outcome of Monetary Policy Meeting of Bank of Japan's Policy Board**

1. The Policy Board of the Bank of Japan ("BOJ") decided at today's Monetary Policy Meeting to introduce "Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control" as a new monetary policy framework. It is a shift of policy target from "quantity" to "interest rate," reflecting the efficacy analysis of the 3.5-year-long different dimension monetary easing. We see it as an appropriate and realistic decision.
2. From the perspectives of enhancing the sustainability in the monetary policy, it is appropriate to continue expanding the monetary base until the 2 percent price stability target is achieved and to introduce yield curve control through, for example, purchasing Japanese government bonds so that the long term interest rates will remain around zero percent.
3. As referred to in BOJ's "Comprehensive Assessment," the negative interest rate policy ("NIRP") could impact Japan's economy with a negative sentiment through squeezing financial institutions' revenue and lowering investment yields of insurance/pension funds. We have learned that the NIRP has remained unchanged this time. The policymaker should be prudent in their decision to further the NIRP as the policy was deployed only six months or so ago.
4. The monetary policy can no way realize a sustainable economic growth by itself. Meanwhile, as the seriousness of our fiscal health is apparent, we seek government's further acceleration of structural reform, regulatory reform, and working style reform. We, corporate executives, will continue a challenge to realize an economic society empowered by the private-sector leadership through measures such as business integration, reorganization, and creation.

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