

**Statement by Yoshimitsu Kobayashi, Chairman of Keizai Doyukai  
On Fiscal 2017 Government Budget Draft**

1. Today, the Cabinet approved a draft budget for the fiscal year 2017. It again gives an impression that the fiscal consolidation is far from making progress. The government is to fulfill its accountability for the target three years from now of making FY2020 primary balance surplus by presenting concrete measures.
2. Our key concern is the general-account total spending that renewed its record high for five consecutive years against the backdrop of; 1) the declining growth of tax revenue increase driven by Abenomics, 2) the increased dependence on non-tax revenue such as foreign exchange funds special account operational revenue, and 3) the record low assumed yield of Japanese Government Bond.
3. On the other hand, we appreciate the support measures for younger generations and childcare/nursing care services from the perspectives of addressing the social issues. Such measures include establishment of benefit type scholarship and enhancement of interest-free scholarship, expansion of childcare facilities capable of accepting total 500,000 children, and salary increase of childcare/nursing care workers.
4. The growth of social security expenditures is limited to JPY 500 billion. However, reductions of items such as insurance benefit for commercially available similar pharmaceutical products and the living assistance services for persons in mild need of nursing care should be implemented as soon as possible although they were not included in the draft budget this time. Far-reaching reform including these specific measures toward sustainable social security system must be accelerated and pursued in tandem with tax system reform.