

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on Cabinet Approval of
“Basic Policy on Economic and Fiscal Management and Reform 2019”**

1. Today, the Cabinet approved the “Basic Policy on Economic and Fiscal Management and Reform 2019.” Facing the challenges—enhancement in productivity and growth power and fiscal consolidation—and confidently addressing them, we expect the government to set appropriate priorities in the following budget compilation, for measures to be implemented in an effective manner.
2. Science, technology, and innovation:
Strategic research and development, leading to Japan’s strong international competitiveness, in Artificial Intelligence (AI), biotechnology, and quantum technology requires a focus on fairly concrete key programs and concentrated deployment of financial and human resources. Furthermore, the government should initiate discussions without delay on guidelines for value innovation through utilization of high-quality real data for which Japan has competitive advantage.
3. Support to the “Employment ice age generation”:
The measures should go beyond conventional ones such as educational training and recurrent education, and the government must accelerate efforts required, making the most of the know-how in the private sector. Meanwhile, it is necessary to raise the minimum wage in tandem with deregulations and other measures that will improve corporate productivity and competitiveness.
4. Reform to the social security system for all generations:
The Basic Policy should have pushed through painful reforms such as a review of the cost-sharing structure for future generations. Going forward, the government must restart discussions for the integrated reform of social security and taxation in order to construct a sustainable social security system.

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